



Indiana Department of Financial Institutions

2006 Annual Report



State of Indiana
Department of
Financial Institutions

Annual Report
Year Ended December 31, 2006

Mitchell E. Daniels, Jr.
Governor

Becky Skillman
Lieutenant Governor

Judith G. Ripley
Director

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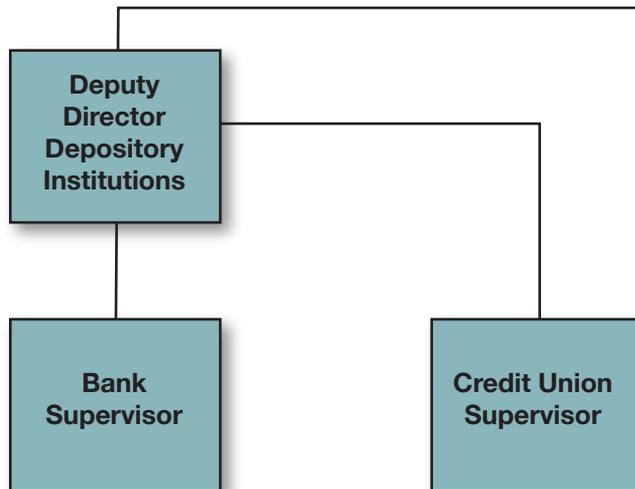
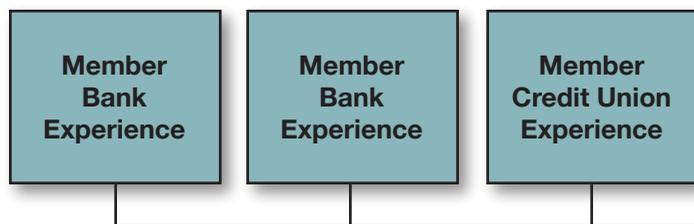
Department of Financial Institutions

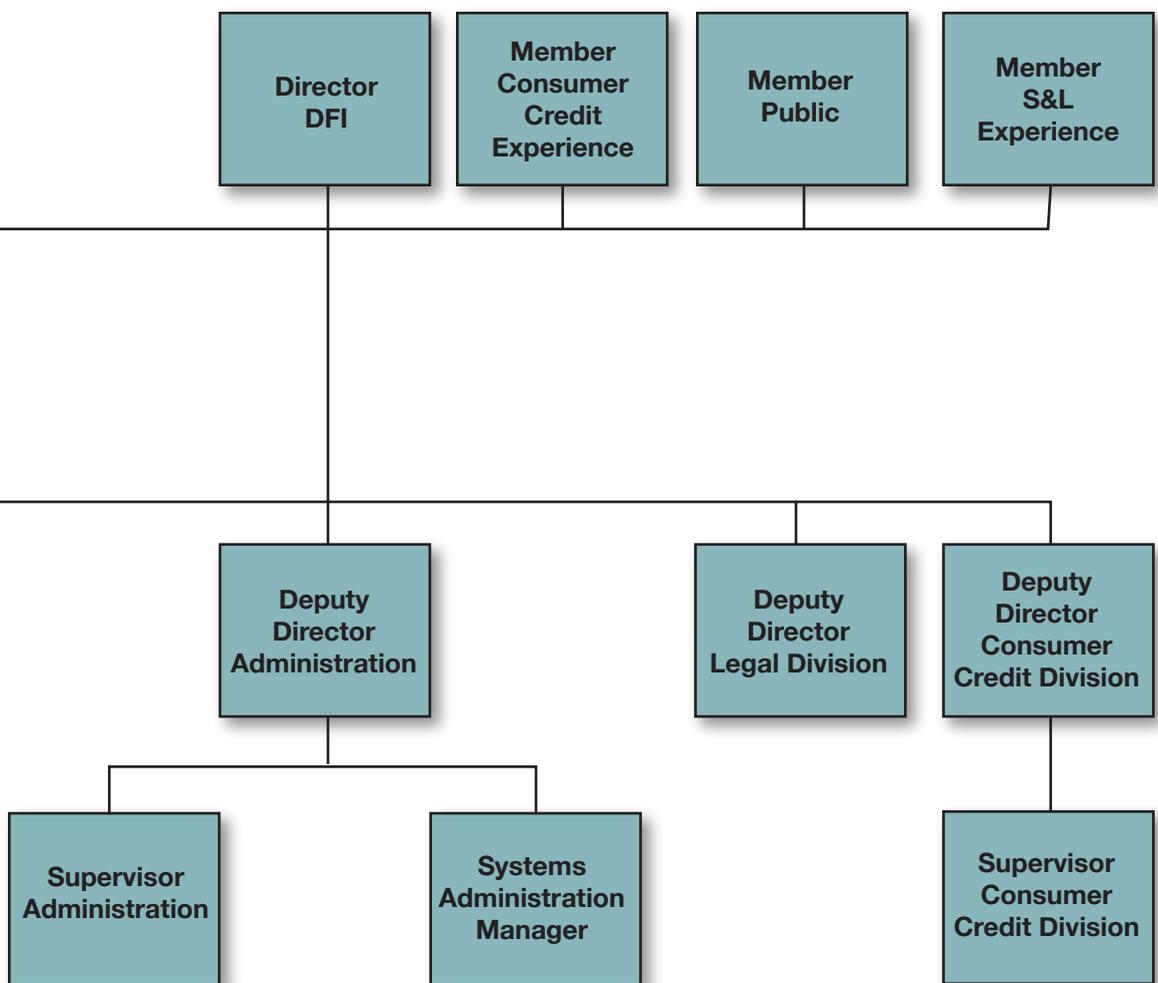
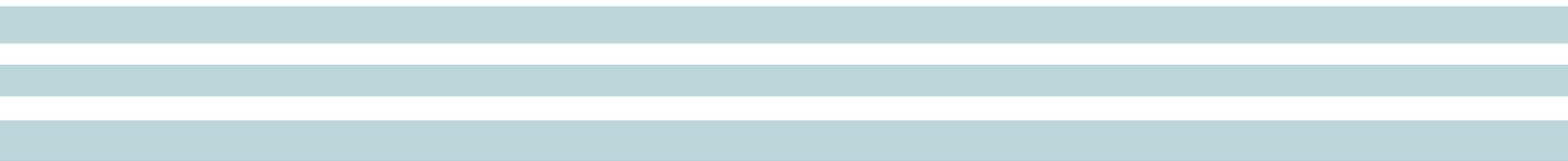


Jan Rilenge
Accountant



Dan Burkman
Systems Administrator
Manager







Judith Ripley
Director

Comments from the Director

2006 was my first full year as Director of the Indiana Department of Financial Institutions (DFI). It was a very busy year. We chartered one new bank. We approved the conversion of one federal credit union to an Indiana charter. Our banks and credit unions continue to be well-rated institutions, but fall behind the national picture in earnings. While the economy in Indiana still lags behind the national economy some improvements are beginning to surface. The statewide percentages of bankruptcies and mortgage foreclosures no longer lead the country. The job forecast is also improving. Through our involvement with the Conference of State Bank Supervisors (CSBS) we are participating in a joint effort with the American Association of Residential Mortgage Regulators in the implementation of a national system to license mortgage brokers. Several states will join in 2008 when the system goes active. Indiana is scheduled to join in 2009.

It is the DFI's goal to be efficient and effective regulators who continually review the laws that affect those we supervise. We continuously monitor laws and regulations, and on an annual basis we suggest updates to Indiana statutes to the Indiana General Assembly. 2006 was no exception. Legislators worked with us to update and improve the statutes in an effort to streamline our processes and limit as much as possible the regulatory burden.

2006 was also a year of change in the Department and our Board of Members. Our longtime friend and Deputy Director for Administration, Chuck Stumpf retired after 19 years with the DFI. Gina Williams has replaced him in this position.

Governor Daniels appointed existing Member Travis Holdman, CEO and President of Markle Bank, as the Chairman and appointed Mark A. Schroeder, President and CEO of German American Bank to the Board of Members. The law was changed this year making the Director an ex officio member of the Board. Two vacancies still remain on the Board.

I believe that our best in-house accomplishment was a comprehensive compensation package for our examiners. The DFI worked closely with State Personnel, the Budget Agency and the Governor's Office to effect this change. We were able to bring together a plan that compensates our examiners on a level that is much more in line with what our counterparts at the Federal regulatory agencies receive. Our starting salaries are also competitive with federal agencies and the private sector. The employees of the DFI are among the best I have seen in any setting. This is a fine group of dedicated professionals who deserve this financial recognition.

I look forward to a productive 2007.

History of Directors

1933 - 2006

Richard McKinley
from January 1933 to November 1939

Ross H. Wallace
from January 1940 to June 1943

A.J. Stevenson
from July 1943 to December 1944

Joseph McCord
from January 1945 to September 1965

Donald H. Sauer
from October 1965 to June 1969

James Faris
from July 1969 to June 1980

William T. Ray
from July 1980 to June 1983

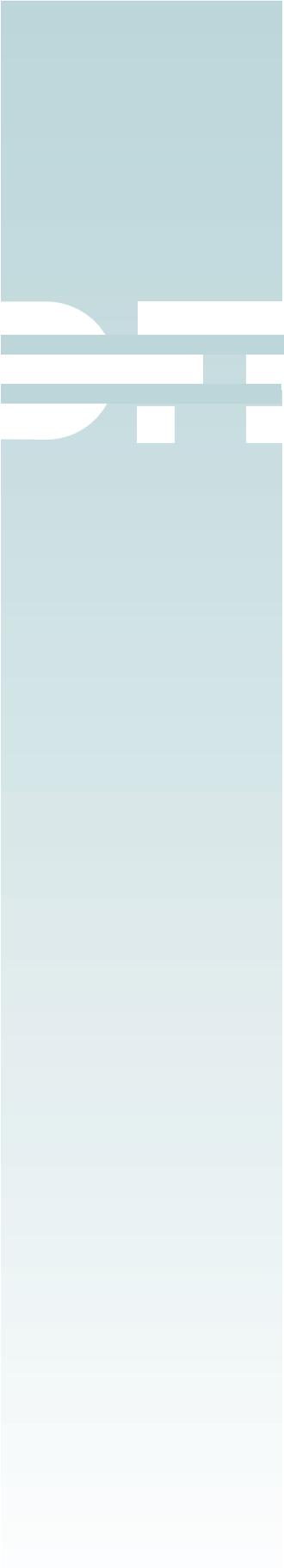
Ruth D. Harrison
from July 1983 to May 1989

Charles W. Phillips
from June 1989 to June 2005

Judith G. Ripley
from August 2005 to Present



Old State Bank - Vincennes, Indiana



The Department's Vision, Mission and Values

Vision

To be among the best state financial services regulators in the country by consistently applying appropriate safety and soundness standards, assuring consumer protection, and promoting economic development.

Stakeholders

The Department's primary stakeholders are the public, legislative bodies, regulated financial services providers, other regulatory agencies, financial services associations, and its employees.

Mission Statement

To regulate and supervise financial services providers in a manner that:

- assures the residents of Indiana adequate and proper financial services;
- protects the interest of depositors, borrowers, shareholders and consumers;
- promotes safety and soundness in Indiana financial institutions; and
- advocates and enforces compliance with applicable state and federal laws

Values

- *Integrity* – Department employees adhere to the highest ethical standards in the performance of their duties and responsibilities.
- *Professionalism* – The Department maintains a highly skilled, experienced, and dedicated workforce that responds promptly, effectively, and unobtrusively to its stakeholders while accomplishing its mission.
- *Collegiality* – Department employees treat others, as they would want to be treated, by showing respect for coworkers, and by working cooperatively with one another and other stakeholders.
- *Commitment* – The Department is committed to the ongoing achievement of its mission and to the pursuit of high standards through continuous improvement.
- *Fairness* – The Department treats all stakeholders in an impartial and nonpartisan manner.
- *Innovative* – The Department will foster innovation and creativity in achieving its mission.

Critical Success Factors



Centra Credit Union - Columbus, Indiana

- Maintain a qualified, diversified, and effective staff with a focus on continuous improvement, professional development, integrity, and a collegial working environment
- Provide high quality regulatory and supervisory services on a consistent basis with minimal intrusion on those regulated by the Department
- Maintain effective working relationships with state and federal regulatory counterparts
- Promote economic development through responsible supervisory actions and innovative regulatory approaches
- Promote the dual banking system and competitiveness with federal charters
- Utilize human and operational resources in the most efficient and effective manner
- Maintain financial stability through the development of adequate funding sources and the implementation of proper accounting controls and standards
- Measure employee performance objectively to ensure fair and equitable treatment in all employment decisions
- Utilize information technology resources to support the mission of the Department
- Maintain a strong leadership succession
- Embrace the strategic planning process

Department Personnel

Judith G. Ripley, Director

DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS

James M. Cooper, Deputy Director
Randall L. Rowe, Bank Supervisor
Sharmaine Stewart, Administrative Assistant
Angie Abdur-Rahim, Secretary
Ronda K. Bailey, Executive Secretary

SPECIAL ACTIONS

Kirk J. Schreiber, Senior Bank Analyst

REGULATION & SUPERVISION

Richard C. Nelson, Senior Review Examiner

BANK DIVISION EXAMINATION STAFF

DISTRICT 1

Mark T. Gray, Regional Field Supervisor

J. Deron Thompson,
Assistant Regional Field Supervisor

| | |
|-------------------------|--------------------------|
| Douglas H. Tussey - I | Vernita L. Early - III |
| David H. Hoeferkamp - I | Alfred R. Westfall - III |
| Francis J. Tata - I | Nathan M. Riley - III |
| Jacob P. Swanson - I | Kevin M. Vaughn - III |
| Marc A. Ward - I | Eric Akiwumi - IV |
| Chad L. Kozuch - I | David M. Mote - IV |
| Thomas C. Fite - I | Kathryn C. Swim - IV |
| Chris C. Dietz - II | |

DISTRICT 2

Paul G. Brockman, Regional Field Supervisor

Mark A. Moreland,
Assistant Regional Field Supervisor

| | |
|-----------------------|-------------------------|
| Lee T. Reid - I | Janelle L. Tierney - I |
| Eric S. Neal - I | Matthew W. Howrey - II |
| Stacey L. Bostock - I | David B. Sandidge - III |
| Steven R. Wachter - I | Sarah B. Fleck - IV |
| Robin R. Upchurch - I | Patrick W. Land - IV |

DIVISION OF CREDIT UNIONS

James M. Cooper, Deputy Director

Mark K. Powell, Supervisor

David D. Pogue, Field Supervisor

| | |
|--------------------------------|------------------------|
| Mark A. Walters - I | Matthew R. Dilly - III |
| Gloria A. Thomson, C.P.A., - I | Charles R. Hall - IV |
| D. Scott Shelton - II | |

DIVISION OF CONSUMER CREDIT

John J. Schroeder, Deputy Director

Mark B. Tarpey,
Supervisor of Consumer Credit Division

James D. Harrell, Assistant to the Supervisor

P. David Larson,
Compliance Examiner-Special Projects

CONSUMER CREDIT EXAMINATION STAFF

DISTRICT 1

Rick A. Bane, Field Supervisor

John D. Heckard - II
Ned W. Brown - II
George M. Hicks - II
Aaron Sweet-IV
Jared Josleyn - IV

DISTRICT 2

Robert W. Benbow, Field Supervisor

LeRoy H. Janz, Jr. - II
Kent D. Sager - II
Scott J. Imbus - II
Dee A. Gloy - II
Collin P. Shipman - III
Tabitha M. Butts - III

*Note: Roman numerals denote field
examiner grade level.*

Department Personnel

LEGAL DIVISION

J. Philip Goddard,
Chief Legal Counsel and Deputy Director
John J. Schroeder, Associate Legal Counsel
Constance J. Gustafson, Associate Counsel

DIVISION OF ADMINISTRATION

Gina R. Williams, Deputy Director
Troy D. Pogue, Supervisor of Administration
Daniel T. Burkman,
Systems Administrator - Manager
Lisa Ho, ASA/Programmer - Intermediate
Renita D. Stubbs, UCCC Filing Coordinator
Janice L. Davis, Personnel Assistant
Jan L. Rilenge, Accountant
Beth A. Risacher, Program Coordinator

OFFICE SUPPORT STAFF

Judy C. Jones, Administration Division
Angie Abdur-Rahim, Bank Division
Georgia R. Wagoner,
Consumer Credit and Credit Union Divisions

Members of the Department



Andy Ward
Bank Division

Michael W. Davis
Muncie
Consumer Credit Member

Travis Holdman
Chairman
Markle Banking Member

Richard Rice
Vice Chairman
South Bend
Credit Union Member

Judith G. Ripley
Director
Department of
Financial Institutions

Paul R. Sweeney
Vincennes
Member at Large

Vacant
Savings Association

Vacant
Banking Member

Examiner Certifications

BANK DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGERS (“CEM”)

| | |
|-------------------|--------------------|
| Brockman, Paul G. | Moreland, Mark A. |
| Cooper, James M. | Rowe, Randall L. |
| Gray, Mark T. | Thompson, Deron J. |

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

| | |
|----------------------|---------------------|
| Bostock, Stacy I. | Schreiber, Kirk J. |
| Dietz, Chris | Swanson, Jacob P. |
| Fite, Thomas C. | Tata, Francis J. |
| Hoeferkamp, David H. | Tierney, Janelle L. |
| Kozuch, Chad L. | Tussey, Douglass H. |
| Neal, Eric S. | Upchurch, Robin R. |
| Nelson, Richard C. | Wachter, Steven R. |
| Pogue, Troy D. | Ward, Marc A. |
| Reid, Lee T. | Williams, Gina R. |

CERTIFIED CREDIT EXAMINER (“CCE”)

| | |
|--------------------|---------------------|
| Early, Vernita L. | Vaughn, Kevin |
| Howrey, Matthew W. | Westfall, Alfred R. |

Sandidge, David

CERTIFIED OPERATIONS EXAMINER (“COE”)

Riley, Nathan

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

| | |
|-----------------|-----------------|
| Powell, Mark K. | Pogue, David D. |
|-----------------|-----------------|

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

| | |
|-------------------|------------------|
| Shelton, Scott D. | Walters, Mark A. |
|-------------------|------------------|

Thomson, Gloria A.

CERTIFIED CREDIT EXAMINER (“CCE”)

Dilly, Matthew

CONSUMER CREDIT DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

| | |
|---------------|-----------------|
| Bane, Rick A. | Tarpey, Mark B. |
|---------------|-----------------|

Benbow, Robert W.

COMPLEX INSTITUTIONS SPECIALIST (“CIS”)

| | |
|-------------------|------------------|
| Brown, Ned W. | Hicks, George M. |
| Gloy, Dee A. | Imbus, Scott J. |
| Harrell, James D. | Janz, Leroy H. |
| Heckard, John D. | Sager, Kent D. |

NON-LENDER COMPLIANCE EXAMINER (“NLCE”)

Shipman, Collin P.
Butts, Tabitha M.

CERTIFICATION PLAN OVERVIEW

In 1999 the DFI adopted an examiner certification program that was intended to promote professionalism and provide an improved career path. The DFI Certification Program incorporates the structure developed by the Conference of State Bank Supervisors. It provides for multiple levels of examiner certification, each tied to a financial incentive contingent upon continued successful performance.

The available certification levels are as follows:

Bank and Credit Union Divisions

COE – Certified Operations Examiner
CCE – Certified Credit Examiner
CEIC – Certified Examiner in Charge
CEM – Certified Examinations Manager

Consumer Credit Division

NLCE – Non-Lender Compliance Examiner
DIS – Depository/Investigations Specialist
CIS – Complex Institutions Specialist
CEM – Certified Examinations Manager

Both the initial certification and the retention of the designation are dependent upon the examiner’s successful performance, and professional development.

OTHER CERTIFICATIONS

CERTIFIED PUBLIC ACCOUNTANT (“CPA”)

Early, Vernita
Thomson, Gloria A.

Department Overview

The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933. This act commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, building and loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. The Department's scope of regulatory responsibilities has since been broadened to include supervision of pawnbrokers, licensees under the Uniform Consumer Credit Code, licensees under the Indiana Small Loan Act, industrial loan and investment companies, money transmitters, check cashiers, budget service companies, and rental-purchase agreement companies.

The Department is a dedicated-funds agency whose revenue is derived solely from supervision, examination, and license fees that are assessed to those institutions that are under its regulation. Indiana Code 28-11-3-5 grants the Department the authority to adopt a schedule of fees to cover operating costs.

The policy-making power of the Department is vested in a bipartisan board of seven Members who are appointed by the Governor. Indiana law requires that two of the Members shall be persons of practical experience at the executive level of a state chartered bank; one Member shall be a person of practical experience at the executive level of a state chartered savings association or a state chartered savings bank; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4.5; one member shall be a person of practical experience at the executive level of a state

chartered credit union; and one Member will have due regard for the consumer, agricultural, industrial, and commercial interests of Indiana. As of July 1, 2006, not more than three members can be affiliated with the same political party.

The Governor appoints a Director who also serves as an ex-officio, voting Member. In addition, the Director is the chief executive and administrative officer of the Department who is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

Within the Department there are five divisions, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.



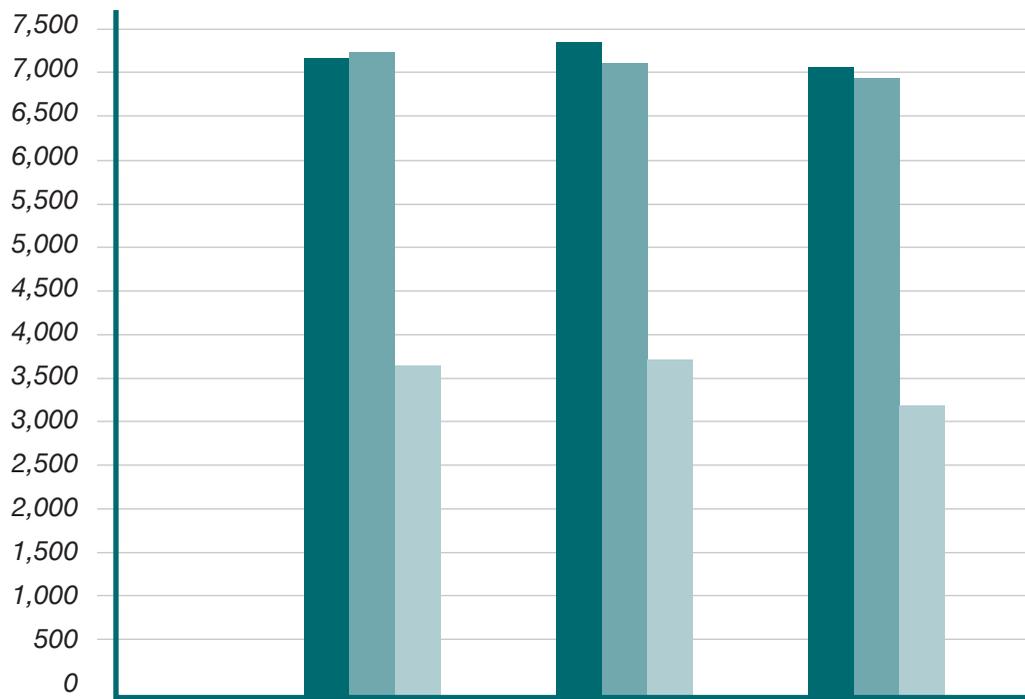
Dekalb County Farm Bureau Co-Operative Association, Inc.
Auburn, Indiana

Revenue and Expenditures

| Revenue | 2006 | 2005 | 2004 |
|--|--------------------|--------------------|--------------------|
| Bank Fees | 3,164,304 | 3,058,138 | \$3,076,420 |
| Savings & Loan Fees | 49,346 | 32,953 | 48,089 |
| Credit Union Fees | 698,499 | 667,678 | 636,918 |
| Pawnbroking Licensing Fees | 98,725 | 65,995 | 67,060 |
| Application Fees | 60,163 | 87,500 | 29,900 |
| Budget Service Company Fees | 3,630 | 1,100 | 600 |
| UCCC Fees | 3,019,235 | 3,480,217 | 3,124,530 |
| Rental/purchase License | 42,395 | 27,025 | 28,655 |
| Money Transmitter Fees | 25,353 | 14,859 | 12,720 |
| Check Cashers Fees | 42,365 | 14,555 | 12,522 |
| Total Revenue | \$7,204,015 | \$7,450,020 | \$7,037,414 |
| <hr/> | | | |
| Expenditures | 2006 | 2005 | 2004 |
| Personnel Costs | 5,776,440 | 5,663,386 | *\$5,631,389 |
| Utilities, Postage, and Subscriptions | 180,039 | 170,147 | 167,209 |
| Contract Services | 428,818 | 380,342 | 326,552 |
| Office Supplies | 41,589 | 41,811 | 41,356 |
| Equipment/EDP Development/Software | 89,104 | 108,364 | 51,753 |
| Travel In-state | 563,984 | 540,819 | 504,788 |
| Travel Out-of-state | 16,448 | 15,939 | 18,252 |
| Personnel Development and Related Travel | 174,227 | 169,577 | 180,988 |
| Total Expenditures | \$7,270,649 | \$7,090,385 | \$6,922,287 |
| Net Revenue (Expenditures) | (66,634) | 359,635 | 115,127 |
| Cash Balance, July 1 | 3,631,486 | 3,271,851 | 3,156,724 |
| Cash Balance, June 30 | 3,564,852 | 3,631,486 | 3,271,851 |
| <hr/> | | | |
| Less Encumbrances | 11,824 | 2,184 | 63,394 |
| Fund Balance, June 30 | \$3,553,028 | \$3,629,302 | \$3,208,457 |

**Reflects Corrections Made To 2004 Figures*

Revenue and Expenditures



| | 2006 | 2005 | 2004 |
|--------------|-------|-------|-------|
| Revenue | 7,204 | 7,450 | 7,037 |
| Expense | 7,271 | 7,090 | 6,922 |
| Fund Balance | 3,553 | 3,629 | 3,208 |

Rick Bane
Field Supervisor-Consumer Credit Division



Legislative Changes

The department was instrumental in drafting and promoting the passage of two bills that are mirror images of one another. They are **SB 384** and **HB 1299** and contain many provisions relating to financial institutions and licensees that come under the department's jurisdiction. **The Governor signed SB 384 on March 9, 2006 and HB 1299 on March 15, 2006.** An overview of the contents of these two bills is as follows:

The new law specifies provisions of the Uniform Consumer Credit Code concerning:

- Permissible charges with respect to Consumer loans;
- Required disclosures to consumers;
- Limitations on agreements and practices; and
- Enforcement actions by the department that apply to small loans made to Indiana residents by out-of-state creditors.

It further provides that certain provisions of the Uniform Consumer Credit Code that apply to a person undertaking collection of payments from, or enforcement of rights against, a debtor in a consumer loan do not apply to licensed collection agencies.

It also makes the following changes:

1. "Affiliate" is defined as a financial institution.
2. Certain minimum charges that a seller or lender may impose with respect to consumer sales or loans may be imposed only if the borrower prepays the sale or loan in full.
3. Persons, other than a supervised financial organization, may not do either of the following without obtaining a license from the department:
 - Take assignments of consumer loans, or
 - Collect payments from debtors.

4. Makes the following changes with respect to various licenses issued by the department:
 - Allows the department to request evidence of compliance with applicable statutes at the time of application for a license, upon license renewal, or at other times determined by the director of the department.
 - Allows the department to deny an application for an initial license if the application is submitted on behalf of, or for the benefit of, a person who does not qualify for a license.
 - Requires a licensee to pay all reasonable costs of an investigation or examination of the licensee by the department, regardless of the number of days the investigation or examination takes.
5. Provides that a small loan is considered paid in full upon:
 - The presentment of a check for payment from an account of the borrower; or
 - The lender's exercise of an authorization to debit the borrower's account rather than upon actual payment by the drawee financial institution.
6. Provides that after a borrower's fifth consecutive small loan, another small loan may not be made to the borrower within seven days after the fifth loan is paid in full.
7. Further prohibits a lender from seeking the following upon a borrower's default on a small loan:
 - Attorney's fees.
 - Treble damages.
 - Prejudgment interest.
 - Damages allowed for dishonored checks under any law other than the small loan act.

Legislative Changes

8. Sets forth the circumstances in which a bank, trust company, savings association, or savings bank may purchase and hold life insurance.
 9. Prohibits a person from using:
 - The name of an existing mortgage lender; or
 - A name confusingly similar to that of an existing mortgage lender; in marketing materials or solicitations.
 10. Specifies that a debtor in a credit agreement may assert:
 - A claim for legal or equitable relief, or
 - A defense in a claim arising from a credit agreement only if the credit agreement is in writing and signed by the parties.
 11. Requires the following to comply with all state and federal money laundering laws:
 - Certain financial institutions;
 - Pawnbrokers;
 - Money Transmitters; and
 - Licensed Check Cashers.
 12. Requires the department to:
 - Investigate potential violations of state and federal money laundering laws;
 - Enforce compliance with state money laundering laws; and
 - Enforce compliance with federal money laundering laws or refer suspected violations to federal regulators, in accordance with federal law.
 13. Allows a bank or trust company to acquire real estate to be used:
 - Partly as a branch or principal office; and
 - Partly as rental property for one or more lessees.
 14. Provides that a financial institution may do business in Indiana using a name other than its official entity name.
 15. Establishes criteria for the director to use to determine whether an electronic activity is authorized as part of, or incidental to, a financial institution's business.
 16. Allows the department to appoint conservators for credit unions and corporate fiduciaries under certain circumstances. Establishes the powers and duties of a conservator.
 17. Changes the time within which a pawnbroker must request approval from the department to relocate or add a business location from 90 days to 30 days before the proposed relocation or addition.
 18. Provides that the director serves as an ex officio, voting member of the department.
 19. Repeals the current law governing the enforcement of sales competition.
- There are other bills that became law in which the department has an interest. They are:
- HB 1136: Signed March 17, 2006**
This legislation allows a principal broker to assert a lien upon commercial real estate that is the subject of a purchase or other conveyance to a buyer in the amount that the principal broker is due for licensed services provided in connection with the transaction. It requires an owner to provide a principal broker with certain information concerning a closing transaction before the date of the closing transaction, and requires an owner to certify at closing that the owner has made the required disclosures or that the principal broker has been paid in full. Specifies that in the case of a lease of commercial real estate in which a principal broker is due future fees or commissions upon the exercise of certain options by a party to the lease, the broker may, at any time after the execution of the lease, record a memorandum of lien which serves as notice of the broker's right to future fees or commissions. Permits a party that

Legislative Changes

has suffered a pecuniary loss as the result of an owner's noncompliance with the notice or certification requirements to bring a cause of action against the owner, and permits treble damages if the owner's noncompliance was fraudulent.

HB 1207: Signed March 17, 2006

This bill expands the circumstances in which a home improvement supplier commits home improvement fraud. It makes home improvement fraud a Class D felony or Class C felony in certain cases if:

- The consumer is at least 60 years of age and the contracted amount exceeds a certain limit; or
- The home improvement supplier violates two or more provisions of the law.

It makes home improvement fraud:

- A Class B misdemeanor if an unconscionable home improvement contract price is more than \$4000, but less than \$7000; and
- A Class A misdemeanor if an unconscionable home improvement contract price is at least \$7000, but less than \$10,000.

HB 1306: Signed March 21, 2006

This bill permits the execution of certain corporate documents by an attorney in fact. It provides that distributions by a corporation or limited liability company do not include reasonable compensation, retirement payments, or guaranty payments. Conversion of certain domestic or foreign entities to other types of entities are provided for in this bill. It also specifies the rights of access to records or information to members of a limited liability company and for procedures for revocation and dissolution by a limited liability company.

HB 1397: Signed March 17, 2006

This bill changes the definition of "business relationship" in the executive branch ethics statute to include the relationship a lobbyist has with an executive branch agency. It also:

1. Defines "advisory body" and gives the state ethics commission certain jurisdiction over lobbyists.

2. Provides that the inspector general may seek an advisory opinion from the commission.
3. Changes the evidentiary standard applicable to commission findings from "competent and substantial" to a preponderance of the evidence.
4. Shifts certain responsibilities from the commission to the inspector general.
5. Authorizes a member of the commission to participate in commission meetings from a remote location under certain circumstances.
6. Requires certain persons who have final purchasing authority for an agency to file an annual financial disclosure statement.
7. Authorizes the commission to require revocation of licenses, permits, or registrations issued by an agency for violations of the ethics statutes or rules.
8. Provides that members of advisory bodies are not subject to the one year prohibition on certain employment after leaving the advisory body.
9. Provides that certain special state employees are not subject to the one year prohibition on certain employment after leaving service as a special state employee if the service ends before January 1, 2007.
10. Requires registration of executive branch lobbyists with the Department of Administration.
11. Authorizes the Department of Administration to adopt rules to establish registration fees and to impose civil penalties and revoke registrations if an executive branch lobbyist violates the registration requirements.
12. Imposes initial registration fees.
13. Repeals the current statute authorizing registration of executive branch lobbyists.

Legislative Changes

SB 114: Signed March 17, 2006

This legislation specifies additional powers that a personal representative may exercise without order of the court in the administration of an unsupervised estate. It provides that income earned by a trust becomes a part of the principal and is not distributed to the beneficiaries of specific property. The bill removes references to estates to conform Indiana's version of the uniform principal and income act with current probate law. It also specifies that a trustee may exercise a power that conflicts with an individual interest of the trustee if the trustee receives written authorization from all interested persons to exercise the power or if the exercise of the power is specifically authorized by the terms of the trust. (Current law permits the exercise of the power only with court authorization.)

The bill also provides that a claimant seeking payment of a debt owed to a decedent or seeking to obtain personal property or an instrument evidencing a debt, an obligation, a stock, or a chose in action belonging to the decedent must include in the affidavit that the claimant submits to the debtor or person possessing the personal property or instrument the following:

- The name and address of each other person entitled to a share of the property;
- A statement that the claimant has notified each other person identified in the affidavit of the claimant's intention to present the affidavit; and
- That the value of the gross probate estate does not exceed \$50,000.



Angie Abdur Rahim
Bank Division



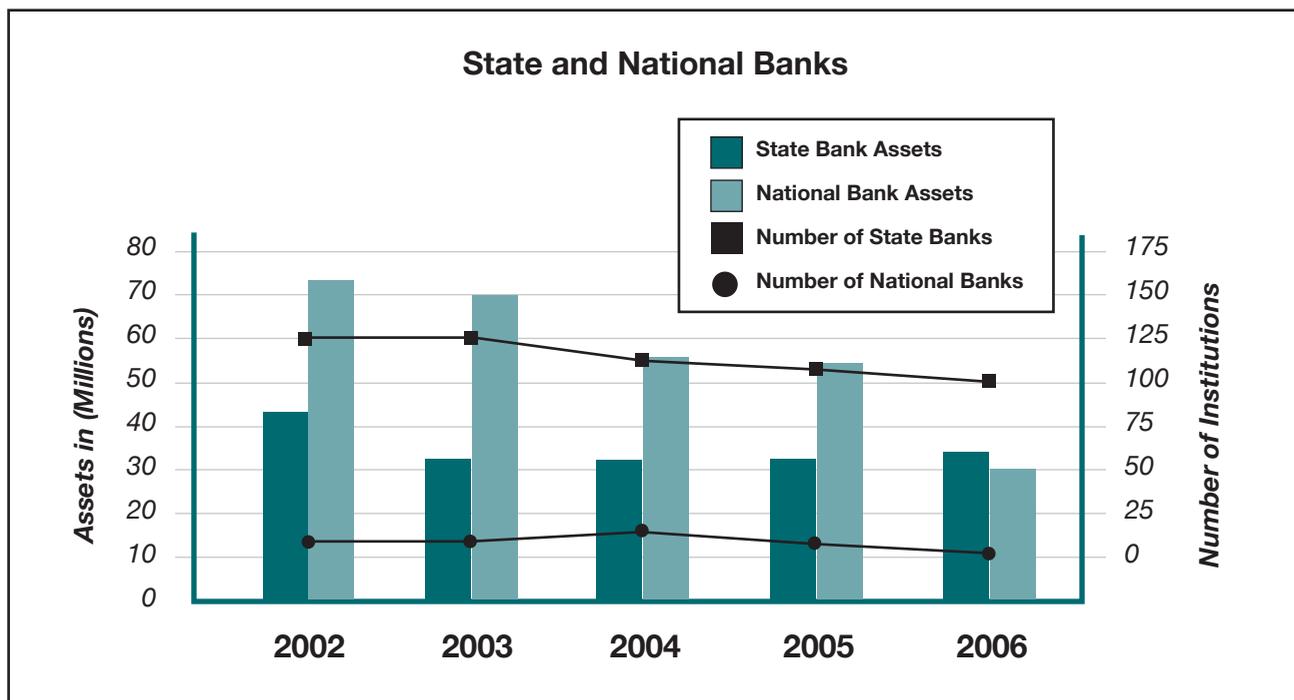
Dave Pogue
Field Supervisor-
Credit Union Division



Gina Williams
Deputy Director
of Administration

Depository Division

During the calendar year of 2006 the number of state-chartered commercial banks, stock and mutual savings banks, and active industrial authorities declined in number from 109 to 105. National banks in Indiana decreased from 30 to 25 during the same period. Total state chartered supervised assets increased during the 2006 calendar year from \$35.6 billion to \$38.1 billion. National bank assets decreased from \$52.2 billion to \$24.0 billion in the calendar year 2006, due mainly to the merger of the largest Indiana domiciled national charter with and into an out of state affiliate national charter. ¹ As of December 31, 2006, state-chartered commercial banks represented 61.4% of total Indiana bank assets (state and national). Additionally, state-chartered commercial banks represented 81% of the total number of banks in Indiana.

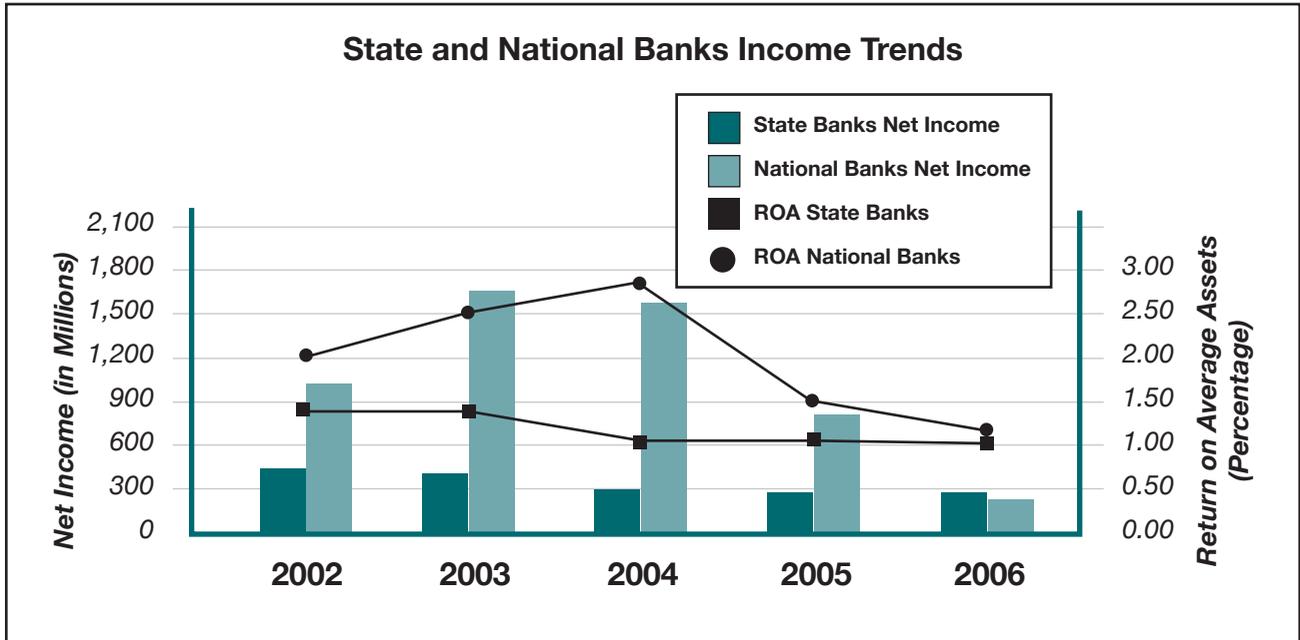


During 2006, one new state chartered commercial bank officially opened for business, one new state chartered corporate fiduciary officially opened for business and one federal stock savings bank converted to a state chartered commercial bank. One federal stock savings bank merged into a state chartered interim bank to form a state chartered commercial bank and six state chartered commercial banks consolidated into a state chartered commercial bank. Two state bank charters were eliminated through mergers with out of state affiliate banks.

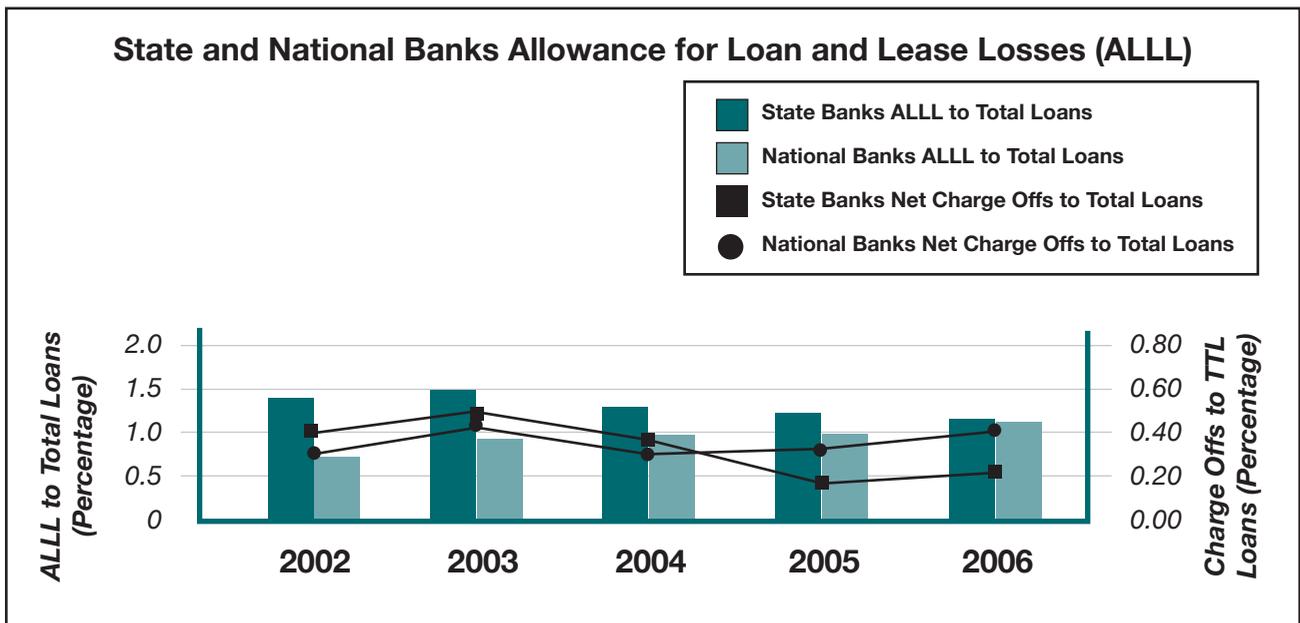
The net income for state-chartered financial institutions over the past five years is \$473 million in 2002, \$415 million in 2003, \$331 million in 2004, \$310 million in 2005, and \$308 million in 2006. Net income as a percentage of assets (in the aggregate) for the calendar year 2006 for state chartered banks decreased to a five year low of 0.83% from 1.20% at year-end 2003. The net income for national banks in Indiana over the past five years starting with 2002 is \$1,075 million, \$1,628 million, \$1,560 million, \$801 million, and \$227 million respectively. The aggregate ROA for national banks over the same period has ranged from a low of 0.96% in 2006, to a high of 2.42% in 2004.

¹ National City Bank of Indiana, Indianapolis, Indiana merged with and into National City Bank, Cleveland, Ohio effective July 22, 2006.

Depository Division

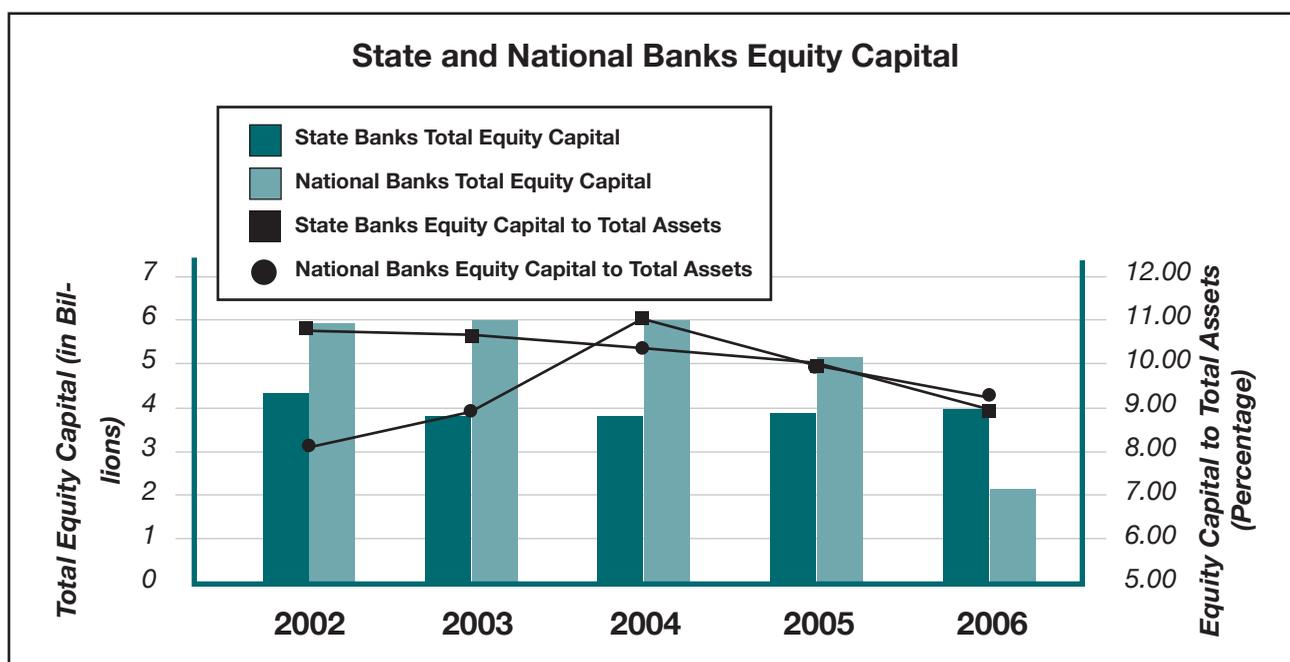


The aggregate allowance for loan and lease losses for Indiana state chartered banks increased slightly to 1.27% as of year-end 2006 from a five year low of 1.26% as of year-end 2005 compared to a five year high of 1.49% in 2003. The aggregate allowance for loan and lease losses for national banks in Indiana ranges from a high of 1.27% in 2006, to a low of 0.79% in 2002. Net charge offs for state banks has ranged from 0.40% in 2002, to a low of 0.17% in 2005 and to a high of 0.48% in 2003 and to its present level of 0.21%. Net charge offs for national banks ranged from 0.32% in 2002, to a high of 0.46% in 2003 and to its present level of 0.41%.

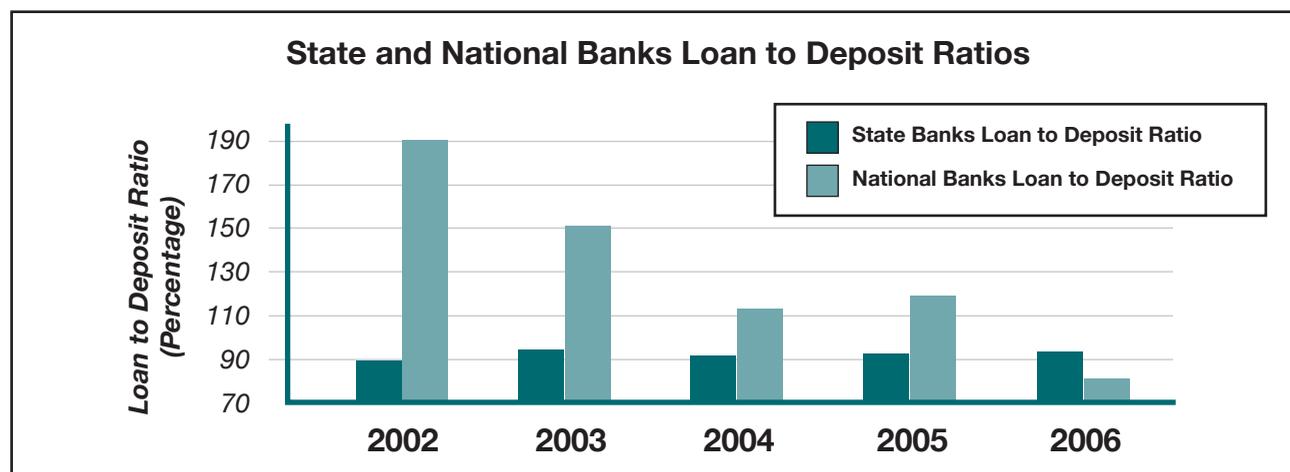


Depository Division

Total equity capital for Indiana state chartered banks has decreased from \$4.39 billion as of December 31, 2002, to \$3.83 billion as of December 31, 2006 or a 15% decrease. Total equity capital for national banks in Indiana has also decreased from \$5.89 billion in 2002 to \$2.29 billion as of year-end 2006 or a 157% decrease. The ratio of total equity capital to total assets for state chartered institutions ranges from a high of 10.41% in 2002, to a low of 10.04% in 2005, to its current level of 10.05%. The ratio of total equity capital to total assets for national banks over the same period has ranged from a low of 7.97% in 2002 and to a high of 10.93% in 2004 and to its present level of 9.54%.

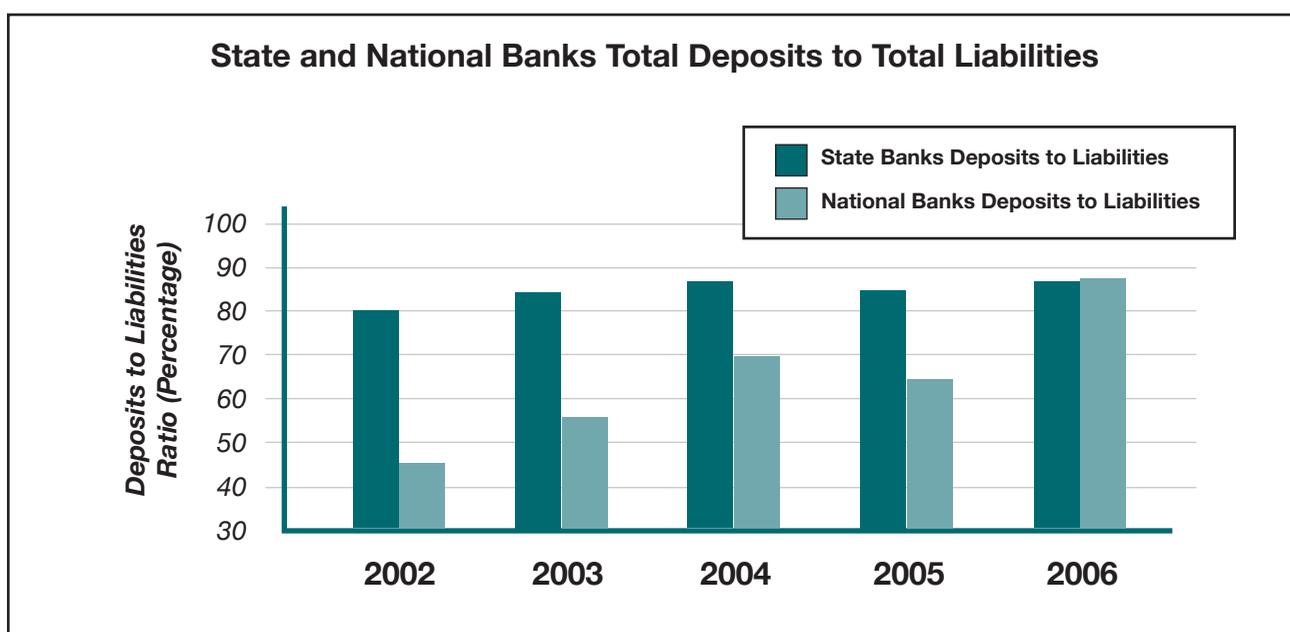


The ratio of loans to deposits has remained constant over the last five years for both Indiana state chartered banks and national banks. Total loans for state banks have remained constant from \$28.0 billion in 2002 to \$27.8 billion in 2006 or a 0.7% decrease. In contrast, total deposits for state banks gradually decreased from \$30.2 billion in 2002 to \$29.9 billion in 2006 or a 4% decrease. Total loans for national banks in Indiana significantly decreased from \$57.2 billion in 2002 to \$15.7 billion as of December 31, 2006, while total deposits for national banks also decreased from \$29.8 billion to \$18.5 billion during the same time frame.



Depository Division

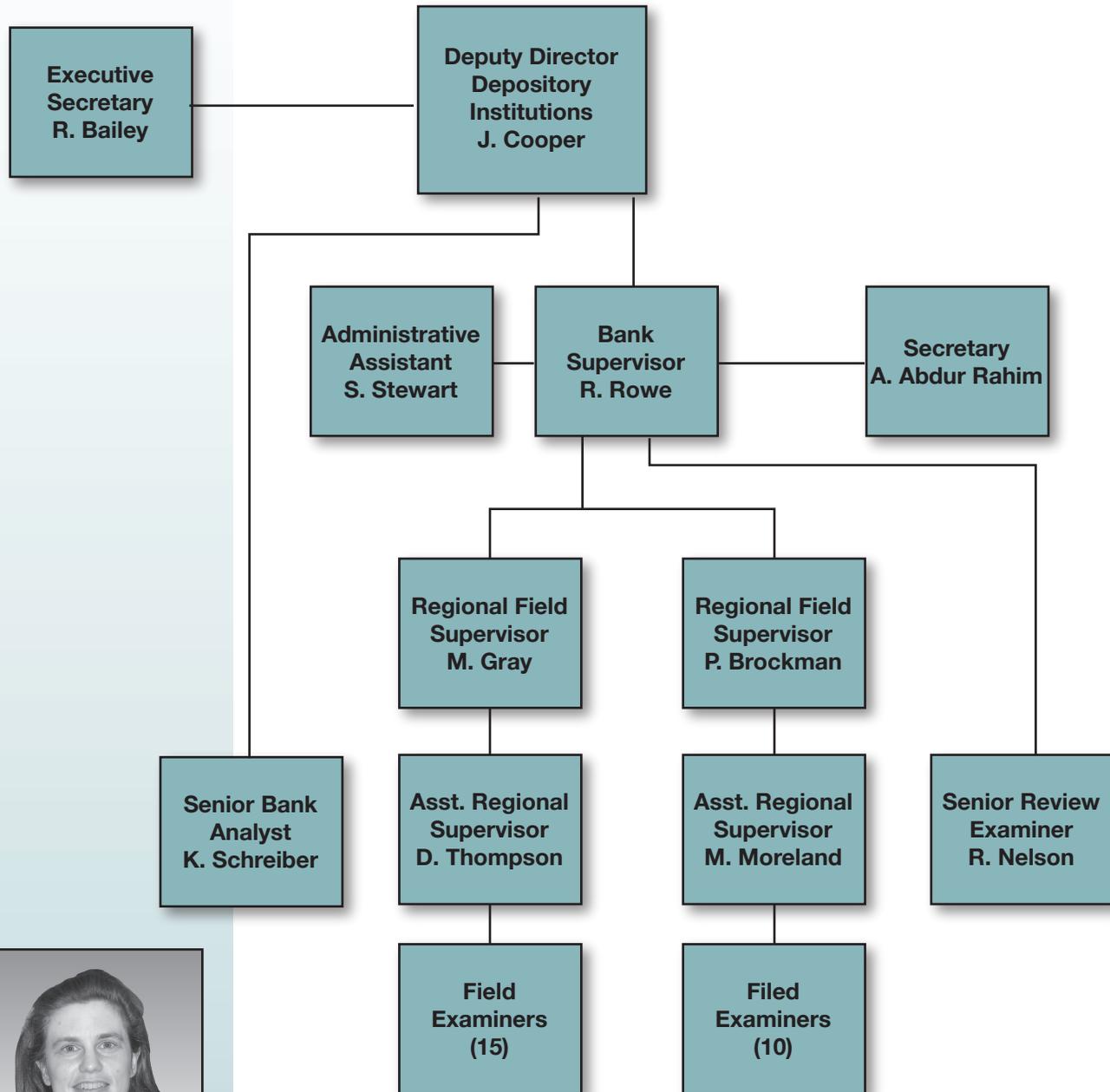
The ratio of total deposits to total liabilities by both the state and national banks in Indiana is on an upward trend as the reliance by banks on wholesale funding has decreased over the last several years. The ratio for state banks deposits to liabilities increased from 79.91% in 2002 to 84.64% as of year-end 2006. The ratio for national banks in Indiana also increased from 43.78% as of December 31, 2002, to 85.17% as of December 31, 2006.



James Cooper
Deputy Director-Depository Institutions



Bank Division



Stacey Bostock
Bank Division

Comparative Statement State Chartered Banks

| ACCOUNT DESCRIPTIONS (\$ In Millions) | 12/31/03 | 12/31/04 | Percent Change | 12/31/05 | Percent Change | 12/31/06 | Percent Change |
|--|----------|----------|----------------|----------|----------------|----------|----------------|
| Assets | 34,881 | 34,487 | -1.13% | 35,579 | 3.17% | 38,104 | 7.10% |
| Deposits | 26,190 | 26,537 | 1.32% | 26,777 | 0.90% | 29,011 | 8.34% |
| Total Equity Capital Adjusted | 3,580 | 3,494 | -2.40% | 3,572 | 2.23% | 3,829 | 7.19% |
| Tier 1 Capital | 3,316 | 3,352 | 1.09% | 3,461 | 3.25% | 3,605 | 4.16% |
| LVR | 368 | 325 | -11.68% | 327 | 0.62% | 352 | 7.65% |
| Total Capital | 3,684 | 3,677 | -0.19% | 3,788 | 3.02% | 3,957 | 4.46% |
| Total Net Charge-Offs | 119 | 84 | -29.41% | 43 | -48.81% | 58 | 34.88% |
| Total Gross Loans & Leases | 24,629 | 24,099 | -2.15% | 26,910 | 11.66% | 27,750 | 3.12% |
| Total Securities | 6,364 | 6,276 | -1.38% | 5,819 | -7.28% | 5,986 | 2.87% |
| Federal Funds Sold | 346 | 754 | 117.92% | 487 | -35.41% | 734 | 50.72% |
| Interest Bearing Balances | 419 | 453 | 8.11% | 265 | -41.50% | 352 | 32.83% |
| Trading Account Securities | 1 | 5 | 400.00% | 7 | 40.00% | 11 | 57.14% |
| Total Earning Assets | 31,391 | 31,262 | -0.41% | 32,161 | 2.88% | 34,481 | 7.21% |
| Total Interest Income | 1,888 | 1,726 | -8.58% | 1,915 | 10.95% | 2,309 | 20.57% |
| Total Interest Expense | 606 | 521 | -14.03% | 688 | 32.05% | 1,034 | 50.29% |
| Net Interest Income | 1,282 | 1,205 | -6.01% | 1,227 | 1.83% | 1,275 | 3.91% |
| Total Non-interest Income | 744 | 563 | -24.33% | 407 | -27.71% | 361 | -11.30% |
| Total Non-interest Expenses | 1,292 | 1,224 | -5.26% | 1,134 | -7.35% | 1,072 | -5.47% |
| Loan Provisions | 141 | 61 | -56.74% | 60 | -1.64% | 78 | 30.00% |
| Net Income | 415 | 331 | -20.24% | 310 | -6.34% | 308 | -0.65% |

The financial information to compile this schedule and the following financial schedules was obtained through the Federal Deposit Insurance Corporation's Statistics on Depository Institutions Database.

Comparative Statement

State Chartered and National Banks

| ACCOUNT DESCRIPTIONS (\$ IN MILLIONS) | State 12/31/06 | National 12/31/06 | State 12/31/05 | National 12/31/05 |
|--|-------------------|----------------------|-------------------|----------------------|
| Number of Banks | 105 | 25 | 109 | 30 |
| Consolidated Balance Sheet | | | | |
| Total Gross Loans & Leases | 27,750 | 15,725 | 25,910 | 36,673 |
| Total Allowance for Loans & Leases (ALLL) | 352 | 199 | 327 | 327 |
| Total Net Loans & Leases | 27,398 | 15,526 | 25,583 | 36,346 |
| Total Securities | 5,986 | 5,477 | 5,819 | 6,641 |
| Total Interest Bearing Balances | 352 | 88 | 265 | 374 |
| Total Fed Funds Sold/Repurchase Agreements | 734 | 574 | 487 | 555 |
| Total Trading Accounts | 11 | 3 | 7 | 50 |
| Total Earning Assets | 34,481 | 21,668 | 32,161 | 43,966 |
| Total Cash and Due From Bank | 1,158 | 713 | 1,181 | 1,731 |
| Total Premises and Fixed Assets | 529 | 354 | 487 | 673 |
| Total Other Real Estate Owned | 41 | 13 | 39 | 77 |
| Total Other Assets | 1,895 | 1,246 | 1,711 | 5,712 |
| Total Assets | 38,104 | 23,994 | 35,579 | 52,159 |
| Average Assets | 37,102 | 23,591 | 34,048 | 53,955 |
| | | | | |
| Retail Deposits | 24,949 | 16,359 | 23,433 | 27,861 |
| State and Political Subdivision Deposits | 4,062 | 2,128 | 3,344 | 2,511 |
| Total Deposits | 29,011 | 18,487 | 26,777 | 30,372 |
| Total Fed Funds Purchased | 1,206 | 1,426 | 1,374 | 2,978 |
| Total Other Borrowed Funds | 3,543 | 1,367 | 3,373 | 11,382 |
| Total Subordinated Debt | 31 | 155 | 30 | 403 |
| Total All Other Liabilities | 484 | 270 | 453 | 1,819 |
| Total Liabilities | 34,275 | 21,705 | 32,007 | 46,954 |
| Total Equity Capital | 3,829 | 2,289 | 3,572 | 5,205 |
| Total Liabilities and Equity Capital | 38,104 | 23,994 | 35,579 | 52,159 |

Comparative Statement

State Chartered and National Banks

| ACCOUNT DESCRIPTIONS (\$ IN MILLIONS) | State 12/31/06 | National 12/31/06 | State 12/31/05 | National 12/31/05 |
|---|-------------------|----------------------|-------------------|----------------------|
| Number of Banks | 105 | 25 | 109 | 30 |
| Consolidated Income Statement | | | | |
| Total Interest Income | 2,309 | 1,388 | 1,915 | 2,701 |
| Total Interest Expense | 1,034 | 641 | 688 | 1,167 |
| Total Net Interest Income | 1,275 | 747 | 1,227 | 1,534 |
| Total Non Interest Income | 361 | 259 | 407 | 1,909 |
| Total Non Interest Expense | 1,072 | 653 | 1,134 | 2,170 |
| Total Loan Provisions | 78 | 42 | 60 | 97 |
| Total Pre Tax Operating Income | 486 | 311 | 440 | 1,176 |
| Total Securities Gains/Losses | -1 | -3 | 0 | -2 |
| Total Applicable Income Tax | 141 | 81 | 130 | 373 |
| Total Income Before Extraordinary Items | 344 | 227 | 310 | 801 |
| Total Net Extraordinary Items | 36 | 0 | 0 | 0 |
| Total Net Income | 308 | 227 | 310 | 801 |
| Total Net Charge-Offs | 58 | 64 | 43 | 119 |
| Total Cash Dividends Declared | 229 | 201 | 207 | 628 |
| Ratio Analysis | | | | |
| Net Income to Average Assets | 0.83% | 0.96% | 0.91% | 1.48% |
| Net Income to Year End Total Equity | 8.04% | 9.92% | 8.68% | 15.39% |
| Net Interest Income to Average Assets | 3.44% | 3.17% | 3.60% | 2.84% |
| Total Loans to Total Deposits | 95.65% | 85.06% | 96.76% | 120.75% |
| Loan Loss Provisions to Total Loans | 0.28% | 0.27% | 0.23% | 0.26% |
| ALLL to Total Loans | 1.27% | 1.27% | 1.26% | 0.89% |
| Net Charge-Offs to Total Loans | 0.21% | 0.41% | 0.17% | 0.32% |
| Total Equity Capital to Total Assets | 10.05% | 9.54% | 10.04% | 9.98% |
| Total Equity Capital and ALLL to Total Assets and ALLL | 10.87% | 10.28% | 10.86% | 10.54% |

Combined Statement

State Chartered and National Banks

| ACCOUNT DESCRIPTIONS (\$ IN MILLIONS) | State 12/31/06 | National 12/31/06 | All 12/31/06 | All 12/31/05 | Percent Change |
|--|-------------------|----------------------|-----------------|-----------------|-------------------|
| Number of Banks | 105 | 25 | 130 | 139 | |
| Combined Statement of Condition | | | | | |
| Total Gross Loans & Leases | 27,750 | 15,725 | 43,475 | 62,583 | -30.53% |
| Total Allowance for Loans & Leases (ALLL) | 352 | 199 | 551 | 654 | -15.75% |
| Total Net Loans & Leases | 27,398 | 15,526 | 42,924 | 61,929 | -30.69% |
| Total Securities | 5,986 | 5,477 | 11,463 | 12,460 | -8.00% |
| Total Interest Bearing Balances | 352 | 88 | 440 | 639 | -31.14% |
| Total Fed Funds Sold/Repurchase Agreements | 734 | 574 | 1,308 | 1,042 | 25.53% |
| Total Trading Accounts | 11 | 3 | 14 | 57 | -75.44% |
| Total Earning Assets | 34,481 | 21,668 | 56,149 | 76,127 | -26.24% |
| Total Cash and Due From Bank | 1,158 | 713 | 1,871 | 2,912 | -35.75% |
| Total Premises and Fixed Assets | 529 | 354 | 883 | 1,160 | -23.88% |
| Total Other Real Estate Owned | 41 | 13 | 54 | 116 | -53.45% |
| Total Other Assets | 1,895 | 1,246 | 3,141 | 7,423 | -57.69% |
| Total Assets | 38,104 | 23,994 | 62,098 | 87,738 | -29.22% |
| Average Assets | 37,102 | 23,591 | 60,693 | 88,003 | -31.03% |
| Retail Deposits | 24,949 | 16,359 | 41,308 | 51,294 | -19.47% |
| State and Political Subdivision Deposits | 4,062 | 2,128 | 6,190 | 5,855 | 5.72% |
| Total Deposits | 29,011 | 18,487 | 47,498 | 57,149 | -16.89% |
| Total Fed Funds Purchased | 1,206 | 1,426 | 2,632 | 4,352 | -39.52% |
| Total Other Borrowed Funds | 3,543 | 1,367 | 4,910 | 14,755 | -66.72% |
| Total Subordinated Debt | 31 | 155 | 186 | 433 | -57.04% |
| Total All Other Liabilities | 484 | 270 | 754 | 2,272 | -66.81% |
| Total Liabilities | 34,275 | 21,705 | 55,980 | 78,961 | -29.10% |
| Total Equity Capital | 3,829 | 2,289 | 6,118 | 8,777 | -30.30% |
| Total Liabilities and Equity Capital | 38,104 | 23,994 | 62,098 | 87,738 | -29.22% |

**Return on Assets (ROA) of the
State Banks in Indiana 2006 vs. 2005**
(\$ In Millions)

| | No. | 2006 Total Assets | Net Income | No. | 2005 Total Assets | Net Income |
|--------------|------------|----------------------------------|-----------------------|------------|----------------------------------|-----------------------|
| ROA (%) | | | | | | |
| OVER 1% | 32 | 17,820 | 216 | 39 | 17,215 | 210 |
| .75% TO .99% | 28 | 4,868 | 41 | 31 | 6,220 | 53 |
| .50% TO .74% | 24 | 6,343 | 39 | 16 | 3,648 | 22 |
| BELOW .50% | 21 | 9,073 | 12 | 23 | 8,496 | 25 |
| | 105 | 38,104 | 308 | 109 | 35,579 | 310 |

**Return on Assets (ROA) of the
National Banks in Indiana 2006 vs. 2005**
(\$ In Millions)

| | No. | 2006 Total Assets | Net Income | No. | 2005 Total Assets | Net Income |
|--------------|------------|----------------------------------|-----------------------|------------|----------------------------------|-----------------------|
| ROA (%) | | | | | | |
| OVER 1% | 9 | 6,509 | 86 | 14 | 36,404 | 677 |
| .75% TO .99% | 10 | 14,925 | 138 | 8 | 12,249 | 114 |
| .50% TO .74% | 2 | 352 | 2 | 6 | 1,457 | 9 |
| BELOW .50% | 4 | 2,208 | 1 | 2 | 2,049 | 1 |
| | 25 | 23,994 | 227 | 30 | 52,159 | 801 |

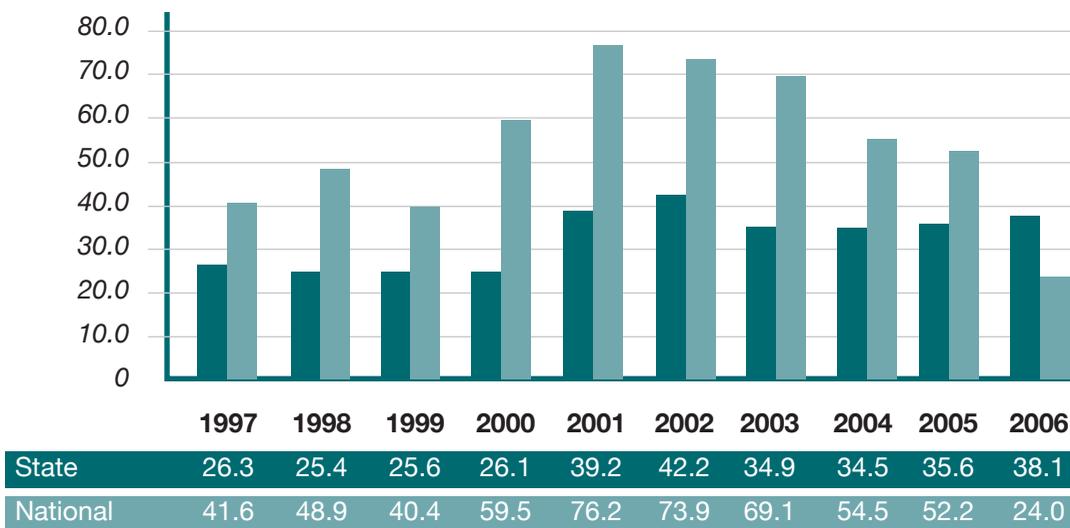
Holding Company Ownership Analysis

| (\$ IN MILLIONS) DATA AS OF 12/31/2006 | Number of Banks | Number of HC's | Total Assets | Assets % | Total Deposits | Deposits % |
|---|----------------------------|---------------------------|-------------------------|---------------------|---------------------------|-----------------------|
| INDEPENDENT BANKS | | | | | | |
| State Banks w/o HC | 14 | 0 | \$1,432 | 2.31% | \$1,109 | 2.33% |
| IN HC W/One State Bank | 76 | 76 | \$26,497 | 42.67% | \$21,431 | 45.12% |
| National Banks w/o HC | 1 | 0 | \$245 | 0.39% | \$202 | 0.43% |
| IN HC w/One National Bank | 15 | 15 | \$17,192 | 27.69% | \$13,450 | 28.32% |
| TOTALS | 106 | 91 | \$45,366 | 73.06% | \$36,192 | 76.20% |
| INDIANA MULTI-BK HOLDING CO. | | | | | | |
| IN HC w/One or More State Banks | 11 | 7 | \$9,935 | 16.00% | \$6,274 | 13.21% |
| IN HC w/One or More National Banks | 8 | 2 | \$5,236 | 8.43% | \$3,892 | 8.19% |
| Sub Total | 19 | 9 | | | | |
| Holding Company Duplications | 0 | -1 | | | | |
| TOTALS | 19 | 8 | \$15,171 | 24.43% | \$10,166 | 21.40% |
| OUT OF STATE MULTI-BK HOLDING CO. | | | | | | |
| O-ST HC w/One or More State Banks | 4 | 2 | \$240 | 0.39% | \$198 | 0.42% |
| O-ST HC w/One or More National Banks | 1 | 1 | \$1,321 | 2.13% | \$942 | 1.98% |
| Sub Total | 5 | 3 | | | | |
| Holding Company Duplications | 0 | 0 | | | | |
| TOTALS | 5 | 3 | \$1,561 | 2.51% | \$1,140 | 2.40% |
| GRAND TOTALS | 130 | 102 | \$62,098 | 100.00% | \$47,498 | 100.00% |

Holding Company Ownership Analysis

| (\$ IN MILLIONS) DATA AS OF 12/31/2005 | Number of Banks | Number of HC's | Total Assets | Assets % | Total Deposits | Deposits % |
|---|----------------------------|---------------------------|-------------------------|---------------------|---------------------------|-----------------------|
| INDEPENDENT BANKS | | | | | | |
| State Banks w/o HC | 16 | 0 | \$1,815 | 2.07% | \$1,398 | 2.45% |
| IN HC W/One State Bank | 76 | 76 | \$24,086 | 27.45% | \$19,130 | 33.47% |
| National Banks w/o HC | 1 | 0 | \$233 | 0.27% | \$208 | 0.36% |
| IN HC w/One National Bank | 15 | 15 | \$18,971 | 21.62% | \$14,457 | 25.30% |
| TOTALS | 108 | 91 | \$45,105 | 51.41% | \$35,193 | 61.58% |
| INDIANA MULTI-BK HOLDING CO. | | | | | | |
| IN HC w/One or More State Banks | 12 | 6 | \$9,316 | 10.62% | \$5,958 | 10.43% |
| IN HC w/One or More National Banks | 10 | 3 | \$5,463 | 6.23% | \$3,895 | 6.82% |
| Sub Total | 22 | 9 | | | | |
| Holding Company Duplications | 0 | -1 | | | | |
| TOTALS | 22 | 8 | \$14,779 | 16.84% | \$9,853 | 17.24% |
| OUT OF STATE MULTI-BK HOLDING CO. | | | | | | |
| O-ST HC w/One or More State Banks | 5 | 4 | \$362 | 0.41% | \$292 | 0.51% |
| O-St HC w/One or More National Banks | 4 | 3 | \$27,492 | 31.33% | \$11,811 | 20.67% |
| Sub Total | 9 | 7 | | | | |
| Holding Company Duplications | 0 | 0 | | | | |
| TOTALS | 9 | 7 | \$27,854 | 31.75% | \$12,103 | 21.18% |
| GRAND TOTALS | 139 | 106 | \$87,738 | 100.00% | \$57,149 | 100.00% |

Total Assets - State and National Banks (\$ In Billions)



| Year | State Banks | | National Banks | |
|------|----------------------------------|------------|----------------------------------|------------|
| | Total Assets (\$ In Billions) | Percentage | Total Assets (\$ In Billions) | Percentage |
| 1997 | 26.3 | 38.7% | 41.6 | 61.3% |
| 1998 | 25.4 | 34.2% | 48.9 | 65.8% |
| 1999 | 25.6 | 38.8% | 40.4 | 61.2% |
| 2000 | 26.1 | 30.5% | 59.5 | 69.5% |
| 2001 | 39.2 | 34.0% | 76.2 | 66.0% |
| 2002 | 42.2 | 36.3% | 73.9 | 63.7% |
| 2003 | 34.9 | 33.6% | 69.1 | 66.4% |
| 2004 | 34.5 | 38.8% | 54.5 | 61.2% |
| 2005 | 35.6 | 40.5% | 52.2 | 59.5% |
| 2006 | 38.1 | 61.4% | 24.0 | 38.6% |

Summary of State Bank Branch Openings in 2006

| Name | City | Address | City | State | Opened |
|---------------------------------------|-------------|-----------------------------------|---------------------|--------------|---------------|
| Citizens Bank | Mooresville | 1675 W. Smith Valley, Suite A1 | Greenwood | IN | 1/3/2006 |
| Friendship State Bank (The) | Friendship | 221 W. Main Street | Vevay | IN | 1/7/2006 |
| Star Financial Bank | Fort Wayne | 13318 Olio Road | Noblesville | IN | 1/16/2006 |
| Lafayette Community Bank | Lafayette | 3602 Cougill Lane | Lafayette | IN | 2/27/2006 |
| Community Bank of Southern In | New Albany | 13205 Magisterial Drive | Louisville | KY | 3/1/2006 |
| Star Financial Bank | Fort Wayne | 7402 Fishers Station | Fishers | IN | 3/6/2006 |
| 1st Source Bank | South Bend | 3267 Northview Drive | Elkhart | IN | 3/6/2006 |
| Star Financial Bank | Fort Wayne | 8706 East 96th Street | Fishers | IN | 3/13/2006 |
| Centier Bank | Whiting | 9825 Wicker Avenue | St. John | IN | 4/19/2006 |
| Mutual Savings Bank | Franklin | 5650 South Franklin Rd. | Indianapolis | IN | 6/1/2006 |
| Community First Bank of Howard Co. | Kokomo | 2101 South Dixon Rd. | Kokomo | In | 6/5/2006 |
| Centier Bank | Whiting | 10851 Broadway | Crown Point | IN | 6/7/2006 |
| Tower Bank & Trust Co. | Fort Wayne | 6430 West Jefferson Blvd. | Fort Wayne | IN | 6/21/2006 |
| Citizens Bank | Mooresville | 100 North State Rd. 267 | Avon | IN | 8/17/2006 |
| Mainsource Bank | Greensburg | 102 West Main Street | Vevay | IN | 8/18/2006 |
| Mainsource Bank | Greensburg | 804 West Main Street | Vevay | IN | 8/18/2006 |
| Mainsource Bank | Greensburg | 310 N. Main Street | Liberty | IN | 8/18/2006 |
| Mainsource Bank | Greensburg | 2114 State Rd. 56 | East Enterprise | IN | 8/18/2006 |
| Mainsource Bank | Greensburg | 300 Demaree Drive | Madison | IN | 8/18/2006 |
| Bippus State Bank (The) | Huntington | 106 West Street | North Manchester | IN | 9/5/2006 |
| Tower Bank & Trust Company | Fort Wayne | 3333 N. Wayne Street | Angola | IN | 9/18/2006 |
| First Farmers Bank & Trust Co. | Converse | 310 Lane Street | North Judson | IN | 9/22/2006 |
| First Farmers Bank & Trust Co. | Converse | 1402 S. Heaton Street | Knox | IN | 9/22/2006 |
| First Farmers Bank & Trust Co. | Converse | 101 Main Street | Culver | IN | 9/22/2006 |
| West End Bank, SB. | Richmond | 101 South 37th Street | Richmond | IN | 9/25/2006 |
| Bloomfield State Bank | Bloomfield | 147 West Broad Street | Lyons | IN | 10/9/2006 |
| Tower Bank & Trust Co. | Fort Wayne | 103 E. Center Street | Warsaw | IN | 10/16/2006 |
| 1st Source Bank | South Bend | 7355 Heritage Square Dr. | Granger | IN | 10/26/2006 |
| 1st Source Bank | South Bend | 555 West Crosstown Parkway | Kalamazoo | MI | 11/2/2006 |
| West End Bank, SB. | Richmond | 34 South 7th Street | Richmond | IN | 12/4/2006 |

Summary of State Bank Branch Closings in 2006

| Name | City | Address | City | Closed |
|--|--------------|-------------------------------------|--------------|---------------|
| CIB Bank | Indianapolis | 8906 W. Rockville Road | Indianapolis | 3/24/2006 |
| Farmers State Bank-LaGrange | LaGrange | 21 Public Square | Angola | 3/31/2006 |
| Citizens State Bank-New Castle | New Castle | 250 W. Main Street | Mt. Summit | 5/31/2006 |
| Fountain Trust Co. (The) | Covington | 208 South Vine Street | Wingate | 6/16/2006 |
| Mainsource Bank | Greensburg | 402 Ferry Street | Vevay | 8/18/2006 |
| Mainsource Bank | Greensburg | 300 Damaree Drive | Madison | 8/18/2006 |
| Grant County State Bank | Swayzee | 13 West Branson Street | Lafontaine | 9/29/2006 |
| Bippus State Bank (The) | Huntington | Main & Market Streets, PO Box 85 | Bippus | 10/22/2006 |
| Farmers State Bank | Mentone | 746 North Street, Rd. 25 | Rochester | 12/31/2006 |
| Indiana Trust & Investment Management Company | Mishawaka | 1106 Meridian Plaza, Suite 107 | Anderson | 12/31/2006 |

Conversions in 2006

| Name | City | Converted Name | City | Consummated |
|---|--------------|-----------------------|--------------|--------------------|
| Home Bank, SB State Mutual Savings and Loan to Federal Mutual Savings Bank | Martinsville | Home Bank, SB | Martinsville | 10/24/2006 |
| Lincoln Bank Federal Stock Savings Bank to State Commercial Bank | Plainfield | Lincoln Bank | Plainfield | 10/31/2006 |

New State Bank Subsidiaries in 2006

| Subsidiary Name | Bank Name | City | Purpose | Established |
|--|----------------------------------|-------------|--|--------------------|
| FSB Insurance, LLC | Farmers State Bank | Mentone | Invest in the Bank's Insurance Agency Holding Co., LLC | 1/9/2006 |
| The Bank's Insurance Agency Holding Co., LLC | Farmers State Bank | Mentone | Own the Bank's Insurance Agency, LLC | 1/9/2006 |
| The Bank's Insurance Agency, LLC | Farmers State Bank | Mentone | Sell, solicit, and negotiate Insurance | 1/9/2006 |
| Stonehenge Community Development XI, LLC | Irwin Union Bank & Trust Company | Columbus | Community Development Investments | 6/1/2006 |
| Tower Funding Corp. | Tower Bank & Trust Company | Fort Wayne | Real Estate Investment Trust | 7/3/2006 |
| Tower Capital Investments, Inc. | Tower Bank & Trust Company | Fort Wayne | Investment Portfolio Management | 7/3/2006 |
| MB Reit, Inc. | Monroe Bank | Bloomington | Real Estate Investment Trust | 11/1/2006 |

Main Office Relocations in 2006

| Name | From/To Address | From/To City | Moved |
|--------------------------|---|---------------------------|--------------|
| Midwest AG Finance, Inc. | 131 East Ohio Street 1107 N. Benjamin Street | Indianapolis Rushville | 3/1/2006 |

Branch Office Relocations in 2006

| Name | From/To Address | From/To City | Moved |
|--------------------------------|--|------------------------------------|--------------|
| Demotte State Bank | 9603 West 133rd Avenue 10119 West 133rd Avenue | Cedar Lake Cedar Lake | 1/13/2006 |
| Monroe Bank | 65 E. Garner Road, Suite 400 1490 N. Green Street | Brownsburg Brownsburg | 1/16/2006 |
| 1st Source Bank | 135 South Front Street 223 South Front Street | Dowagiac, MI Dowagiac, MI | 1/30/2006 |
| Salin Bank & Trust Company | 114 North Main Street 716 East Main Street | Jonesboro Gas City | 2/21/2006 |
| Irwin Union Bank & Trust Co. | 1717 E. College Parkway 1818 East College Parkway | Carson City, NV Carson City, NV | 5/8/2006 |
| First Farmers Bank & Trust Co. | 322 South Main 2400 W. State Road 38 | Sheridan Sheridan | 6/12/2006 |

Branch Office Relocations in 2006

| Name | From/To Address | From/To City | Moved |
|------------------------------|---|--------------------------------|------------|
| Irwin Union Bank & Trust Co. | 555 West Crosstown Parkway 1717 South Westnedge Avenue | Kalamazoo, MI Kalamazoo, MI | 7/24/2006 |
| Star Financial Bank | 315 South Adams Street 101 South Branson Street | Marion Marion | 8/14/2006 |
| Irwin Union Bank & Trust | 1803 N. Lincoln 1901 N. Lincoln | Greensburg Greensburg | 10/8/2006 |
| North Salem State Bank (The) | 821 Indianapolis Road 117 South Warren Street | Greencastle Greencastle | 12/28/2006 |

Merger/Consolidations of State Banks in 2006

| Surviving Institution Institution Merged | City | Surviving Institution Name | City | Consummated |
|---|---|-------------------------------|----------------|-------------|
| Mainsource BK- Crawfordsville Union FS&LA of Crawfordsville | Greensburg, IN Crawfordsville, IN | Mainsource BK- Crawfordsville | Crawfordsville | 3/17/2006 |
| Marine Bank CIB Bank | Wauwatosa, WI Indianapolis, IN | Marine Bank | Wauwatosa | 8/1/2006 |
| German American Bancorp Citizens State Bank First American Bank First State Bank Southwest IN German American Bank (The) Peoples Bank Stone City Bank (The) | Jasper, IN Petersburg, IN Vincennes, IN Tell City, IN Jasper, IN Washington, IN Bedford, IN | German American Bancorp | Jasper | 9/30/2006 |
| Republic Bank & Trust Co. Republic Bank & Trust Co. of IN | Louisville, IN Jeffersonville, IN | Republic Bank & Trust Co. | Louisville | 11/30/2006 |

Holding Company Acquisitions in 2006

| Holding Company Name | City | Target Name | City | Consummated |
|--------------------------------|------------|-----------------------------|------------|-------------|
| German American Bancorp. | Jasper | Stone City Bancshares Inc. | Bedford | 1/1/2006 |
| First Midwest Bancorp, Inc. | Itasco | Bank Calumett NA | Hammond | 3/31/2006 |
| Community BK Shares of IN Inc. | New Albany | Scott County State BK (The) | Scottsburg | 7/1/2006 |

Formations in 2006

| Incorporator(s) | Proposed Name | Proposed City | Consummated |
|------------------------|--------------------------|----------------------|--------------------|
| Donald F. Schenkel | Tower Trust Company | Fort Wayne | 1/3/2006 |
| Tom L. Austerman | Evansville Commerce Bank | Evansville | 5/30/2006 |

Additions and Deletions in 2006

| Name | City | Activity | Effective Date |
|--|----------------|---|-----------------------|
| Tower Trust Company | Fort Wayne | Formation of a new State Trust Company | 1/3/2006 |
| Mainsource Bank-Crawfordsville | Crawfordsville | Merger of Federal Stock Savings Bank with and into a State Chartered Interim Bank to form a State Chartered Commercial Bank | 3/17/2006 |
| Evansville Commerce Bank | Evansville | Formation of a new State Commercial Bank | 5/30/2006 |
| CIB Bank | Indianapolis | Merged with Marine Bank, Wauwatosa, WI | 8/1/2006 |
| Citizens State Bank | Petersburg | Consolidation into German American Bancorp, Jasper | 9/30/2006 |
| First American Bank | Vincennes | Consolidation into German American Bancorp, Jasper | 9/30/2006 |
| First State Bank Southwest Indiana | Tell City | Consolidation into German American Bancorp, Jasper | 9/30/2006 |
| German American Bank (The) | Jasper | Consolidation into German American Bancorp, Jasper | 9/30/2006 |
| Peoples Bank | Washington | Consolidation into German American Bancorp, Jasper | 9/30/2006 |
| Stone City Bank (The) | Bedford | Consolidation into German American Bancorp, Jasper | 9/30/2006 |
| German American Bancorp | Jasper | Result of Consolidation | 9/30/2006 |
| Home Bank, SB | Martinsville | Conversion from a State Mutual Savings and Loan to a Federal Mutual Savings Bank | 10/24/2006 |
| Lincoln Bank | Plainfield | Conversion from a Federal Stock Savings Bank to a State Commercial Bank | 10/31/2006 |
| Republic Bank & Trust Company of Indiana | Jeffersonville | Merged with Republic Bank & Trust Company, Louisville, KY | 11/30/2006 |

Active State Commercial Banking Institutions 12/31/06

| DFIID | Name | City |
|-------|---------------------------------------|----------------|
| 263 | Community State Bank | Avilla |
| 161 | Bath State Bank | Bath |
| 182 | First Bank of Berne | Berne |
| 280 | Bloomfield State Bank | Bloomfield |
| 212 | Monroe County Bank | Bloomington |
| 8857 | United Commerce Bank | Bloomington |
| 229 | Peoples Trust & Savings Bank | Booneville |
| 37 | The Farmers & Merchants Bank | Boswell |
| 226 | The First State Bank | Bourbon |
| 171 | Community State Bank | Brook |
| 284 | The Farmers State Bank | Brookston |
| 227 | Hendricks County Bank & Trust Company | Brownsburg |
| 149 | The Peoples Bank | Brownstown |
| 244 | State Bank of Burnettsville | Burnettsville |
| 254 | Knisely Bank | Butler |
| 39 | Wayne Bank and Trust Company | Cambridge City |
| 25 | Home Federal Bank | Columbus |
| 193 | Irwin Union Bank & Trust Company | Columbus |
| 209 | First Farmers Bank and Trust Company | Converse |
| 204 | Community First Bank | Corydon |
| 144 | The Fountain Trust Company | Covington |
| 11375 | Mainsource Bank -Crawfordsville | Crawfordsville |
| 168 | CSB State Bank | Cynthiana |
| 281 | Demotte State Bank | Demotte |
| 258 | Dupont State Bank | Dupont |
| 223 | The Elberfeld State Bank | Elberfeld |
| 8821 | Elkhart Community Bank | Elkhart |
| 10990 | Bank of Evansville | Evansville |
| 11382 | Evansville Commerce Bank | Evansville |
| 245 | The Peoples State Bank | Ellettsville |
| 8 | Citizens Exchange Bank | Fairmount |
| 30 | The Fairmount State Bank | Fairmount |
| 310 | Star Financial Bank | Fort Wayne |
| 8587 | Tower Bank and Trust Company | Fort Wayne |
| 28 | Fowler State Bank | Fowler |
| 9 | Alliance Bank | Francesville |
| 205 | The Farmers Bank | Frankfort |
| 7806 | Heartland Community Bank | Franklin |
| 14 | Mutual Savings Bank | Franklin |
| 132 | Springs Valley Bank & Trust Company | French Lick |
| 233 | The Friendship State Bank | Friendship |
| 172 | The Garrett State Bank | Garrett |
| 146 | Bank of Geneva | Geneva |
| 9158 | Goshen Community Bank | Goshen |
| 285 | Grabill Bank | Grabill |

Active State Commercial Banking Institutions 12/31/06

| DFIID | Name | City |
|-------|---------------------------------------|----------------|
| 277 | Greenfield Banking Company | Greenfield |
| 143 | Mainsource Bank | Greensburg |
| 78 | Griffith Savings Bank | Griffith |
| 296 | Pacesetter Bank | Hartford City |
| 8800 | Freedom Bank | Huntingburg |
| 38 | The Bippus State Bank | Huntington |
| 7650 | First Internet Bank of Indiana | Indianapolis |
| 10640 | Indiana Business Bank | Indianapolis |
| 179 | Salin Bank and Trust Company | Indianapolis |
| 11047 | Symphony Bank | Indianapolis |
| 291 | German American Bancorp | Jasper |
| 289 | The Campbell & Fetter Bank | Kendallville |
| 240 | Kentland Bank | Kentland |
| 10203 | Community First Bank of Howard County | Kokomo |
| 9033 | Lafayette Community Bank | Lafayette |
| 253 | Farmers State Bank | LaGrange |
| 206 | The Farmers State Bank | Lanesville |
| 238 | Farmers & Merchants Bank | Laotto |
| 184 | The LaPorte Savings Bank | LaPorte |
| 273 | Linden State Bank | Linden |
| 31 | State Bank of Lizton | Lizton |
| 288 | Marklebank | Markle |
| 252 | State Bank of Medora | Medora |
| 183 | Farmers State Bank | Mentone |
| 175 | First State Bank of Middlebury | Middlebury |
| 1169 | St. Joseph Capital Bank | Mishawaka |
| 187 | Citizens Bank | Mooreville |
| 649 | Peoples Bank SB | Munster |
| 194 | The Napoleon State Bank | Napoleon |
| 50 | Community Bank of Southern Indiana | New Albany |
| 56 | Ameriana Bank and Trust, SB | New Castle |
| 224 | Citizens State Bank | New Castle |
| 198 | Farmers State Bank | New Ross |
| 235 | The New Washington State Bank | New Washington |
| 234 | Community Bank | Noblesville |
| 170 | The North Salem State Bank | North Salem |
| 33 | Ossian State Bank | Ossian |
| 188 | Lincoln Bank | Plainfield |
| 207 | First State Bank of Porter | Porter |
| 314 | West End Savings Bank | Richmond |
| 16 | Tri-County Bank & Trust Company | Roachdale |
| 35 | Community State Bank | Royal Center |
| 7990 | Midwest AG Finance, Incorporated | Rushville |
| 287 | Central Bank | Russiaville |
| 153 | Spencer County Bank | Santa Claus |

Active State Commercial Banking Institutions 12/31/06

| DFIID | Name | City |
|-------|--|---------------|
| 199 | The Scott County State Bank | Scottsburg |
| 225 | Jackson County Bank | Seymour |
| 176 | 1st Source Bank | South Bend |
| 166 | Greensfork Township State Bank | Spartanburg |
| 228 | Owen County State Bank | Spencer |
| 278 | Grant County State Bank | Swayzee |
| 147 | The Farmers State Bank | Sweetser |
| 317 | The Morris Plan Company of Terre Haute | Terre Haute |
| 293 | Terre Haute Savings Bank | Terre Haute |
| 270 | Centrebank | Veedersburg |
| 222 | Lake City Bank | Warsaw |
| 236 | The Merchants Bank & Trust Company | West Harrison |
| 220 | American Trust And Savings Bank | Whiting |
| 215 | Centier Bank | Whiting |
| 282 | Bank of Wolcott | Wolcott |

Active Corporate Fiduciaries 12/31/06

| DFIID | Name | City | Trust Assests Under Administration* |
|-------|--|---------------|--|
| 322 | Lake County Trust Company | Crown Point | \$1 |
| 160 | Star Wealth Management | Fort Wayne | \$143,374 |
| 11301 | Tower Trust Company | Fort Wayne | \$501,007 |
| 9829 | Hoosier Trust Company | Indianapolis | \$162,521 |
| 7802 | Trust Company Of Oxford | Indianapolis | \$2,527,870 |
| 9944 | German American Financial Advisors & Trust Co. | Jasper | \$113,215 |
| 7631 | Harbour Trust And Investment Management Co. | Michigan City | \$363,024 |
| 323 | Indiana Trust And Investment Management Co. | Mishawaka | \$1,145,818 |
| 324 | Community Trust & Investment Company, Inc. | Noblesville | \$324,432 |

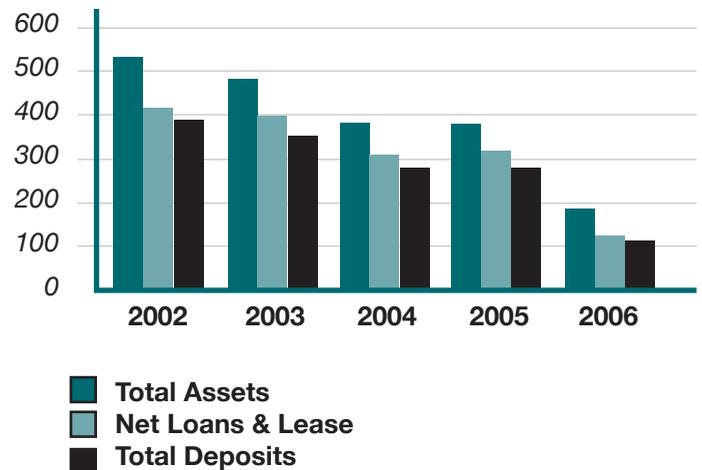
* In thousands

Division of Savings Associations

As of December 31, 2006, there were three active savings and loan associations operating under Indiana state charter. The number of active savings and loan associations decreased by one association from year-end 2005. All active institutions submit a semi-annual statement of condition and a report of earnings to the Department.

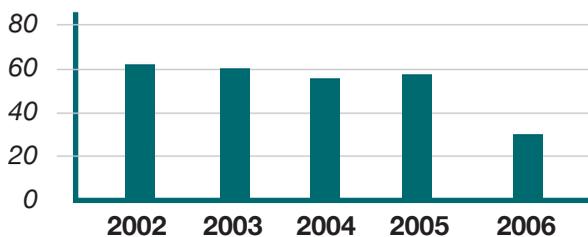
Due to the continued erosion of the savings association charter, the consolidated balance sheet and income statement for savings associations shows a significant decreasing trend over the past five years. Total assets of savings associations under supervision since 2002 have ranged from a high level of \$533 million as of year-end 2002 to its present level of \$174 million as of December 31, 2006. The associations over the past five years held total net loans and leases in the amount of \$424 million, \$399 million, \$307 million, \$320 million and \$141 million respectively. As of December 31, 2006, total net loans and leases comprised 81% of total assets.

**Savings Associations
Assets, Loans and Deposits
(In Millions)**



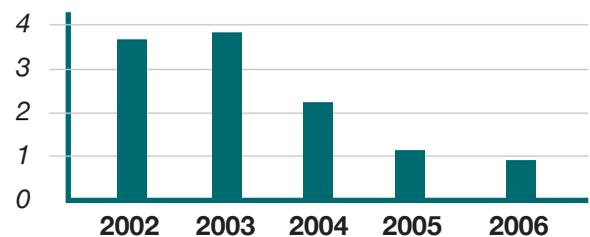
Total deposits of savings associations have ranged from its high level of \$388 million as of December 31, 2002, to its present level of \$110 million.

**Savings Associations
Total Equity Capital
(In Millions)**



Total equity capital of savings associations has ranged from its high level of \$66.4 million as of December 31, 2002, to its present level of \$29.4 million.

**Savings Associations
Net Income
(In Millions)**



Total net income during the last five years for the savings associations has fluctuated from \$3.6 million in 2002, \$3.8 million in 2003, \$2.3 million in 2004, \$1.1 million in 2005, and \$0.9 million in 2006. Net income represents 0.68%, 0.79%, 0.60%, 0.28%, and 0.50% of total assets respectively during the same period.

State Chartered Savings Associations

Comparative Statement of Condition

(Consolidated) Schedule A

| ASSETS | December 31, 2006 | December 31, 2005 |
|---|--------------------------|--------------------------|
| Cash and Due From Depository Institutions | 5,113 | 16,245 |
| Securities | 16,636 | 28,434 |
| Federal Funds Sold and Repurchase Agreements | 0 | 0 |
| Gross Loans and Leases | 141,709 | 321,845 |
| Loan Loss Allowance | 1,137 | 1,806 |
| Net Loans and Leases | 140,572 | 320,039 |
| Trading Accounts | 0 | 0 |
| Premises and Equipment | 4,075 | 8,737 |
| Other Real Estate Owned | 641 | 1,890 |
| Goodwill and Other Intangibles | 0 | 1 |
| All other Assets | 6,712 | 9,634 |
| Total Assets | 173,749 | 384,980 |
| LIABILITIES: | | |
| Deposits | 110,239 | 270,964 |
| Federal Funds Purchased & Repurchase Agreements | 965 | 2,051 |
| Trading Liabilities | 0 | 0 |
| Other Borrowed Funds | 31,567 | 54,348 |
| Subordinated Debt | 0 | 0 |
| Other Liabilities | 1,621 | 2,942 |
| Total Liabilities | 144,392 | 330,305 |
| EQUITY CAPITAL | | |
| Perpetual Preferred Stock | 0 | 0 |
| Common Stock | 1 | 1 |
| Surplus | 7,306 | 7,246 |
| Undivided Profits | 22,050 | 47,428 |
| Total Equity Capital | 29,357 | 54,675 |
| Total Liabilities & Equity Cap | 173,749 | 384,980 |

State Chartered Savings Associations Consolidated Statement of Operations Schedule B

| ASSETS | December 31, 2006 | December 31, 2005 |
|---|--------------------------|--------------------------|
| Interest Income | 11,177 | 21,074 |
| Interest Expense | 5,598 | 9,339 |
| Net Interest Inc Before Allow for Loan & Lease Losses | 5,579 | 11,735 |
| Provision for Credit Losses | 109 | 1,788 |
| Net Interest Inc After Provision | 5,470 | 9,947 |
| Non Interest Income | 377 | 2,416 |
| Non Interest Expense | 4,880 | 11,291 |
| Inc Bef Gn(Ls) on Sale of Assts | 967 | 1,072 |
| Total Securities Gains (Losses) | 179 | 319 |
| Operating Inc Before Taxes & Extra Items | 1,146 | 1,391 |
| Total Income Taxes | 280 | 314 |
| Income (Loss) Before Extraord Items | 866 | 1,077 |
| Extraordinary Items, Net of Tax | 0 | 0 |
| Net Income (Loss) | 866 | 1,077 |

List of State Chartered Savings Associations (\$ in Thousands) Schedule C

| City | Institution Name | Total Assets 2006 | Total Assets 2005 |
|--|---|--------------------------|--------------------------|
| Booneville | Warrick Loan & Savings Association | \$935 | \$936 |
| Martinsville | Home Bank SB | \$0 | \$192,515 |
| Michigan City | City Savings Bank | \$136,323 | \$153,483 |
| Monticello | Peoples Savings & Loan Association -Monticello | \$36,491 | \$38,046 |
| Total Assets for State Chartered Associations | | \$173,749 | \$384,980 |

Division of Credit Unions

A credit union is a cooperative, non-profit association incorporated under the laws of the state for the purpose of educating its members in the concept of thrift and encouraging thrift among its members. A credit union creates a source of credit at a fair and reasonable rate of interest and provides an opportunity for its members to use and control their own money in order to improve their economic and social condition. One very basic difference between credit unions and other financial institutions is the fact that credit unions are predominantly service-oriented. While profits do play an important role in the operations of a credit union, the original philosophy of providing the best, yet least costly, service possible has remained constant through the years.

Credit unions are composed of and owned by groups of people with some type of common bond (i.e. persons having a common bond of occupation, trade or professional association, members of a labor organization, members of a church, persons engaged in a common trade or profession within a well defined geographical location, or persons who work or reside within a "community" as defined by statute) that serves to define the group.

As of December 31, 2006 there were 45 active state chartered credit unions. The combined total assets of these 45 credit unions as of December 31, 2006 were \$6,700M, an increase of \$350M over December 31, 2005. This translates to a 5.5%

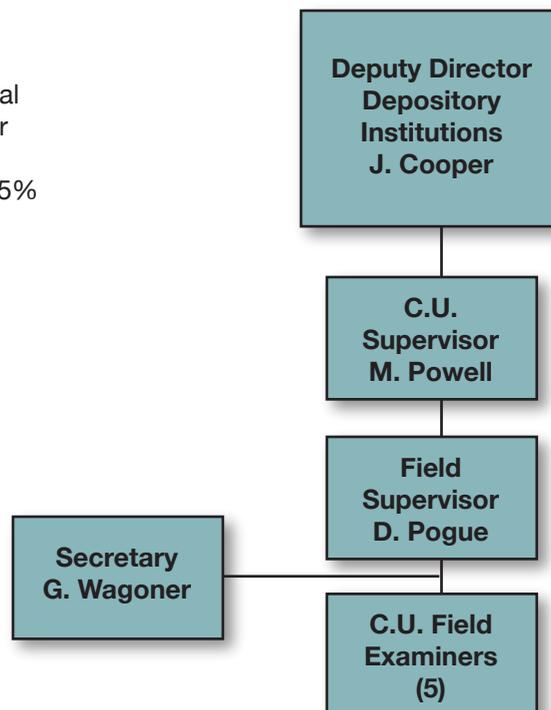
increase in the total assets of all state-chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$5,074M as of December 31, 2005 to \$5,431M as of December 31, 2006. This represents a growth in deposits of 7.0%. Member loans made by Indiana credit unions increased from \$4,691M as of December 31, 2005 to \$4,881M as of December 31, 2006. This represents an increase of 4.1% in loans to members.

The following credit unions have been merged into another credit union since the last annual report:

- Penn Credit Union, Goshen
- Indianapolis Power & Light Credit Union, Indianapolis

The following credit union converted to a federally chartered credit union since the last annual report:

- Community Credit Union, Huntington



Credit Union Annual Report 12/31/06

Balance Sheet

Schedule A

| Account Descriptions (\$ in Millions) | December 31, 2006 | December 31, 2005 |
|---|-------------------|-------------------|
| ASSETS | | |
| Loans | 4,881 | 4,691 |
| Allowance for Loan Loss | (32) | (29) |
| Cash & Cash Equivalents | 556 | 393 |
| U.S. Government Obligations | 459 | 506 |
| Banks, Savings & Loan & Mutual Savings Banks | 195 | 230 |
| Other Investments | 326 | 272 |
| Other Assets | 315 | 287 |
| TOTAL ASSETS | \$6,700 | \$6,350 |
| LIABILITIES | | |
| Shares | 5,431 | 5,074 |
| Total Borrowings | 471 | 541 |
| Dividends | 1 | 1 |
| Accounts Payable & Other Liabilities | 66 | 54 |
| TOTAL LIABILITIES | \$5,969 | \$5,670 |
| EQUITY | | |
| Regular Reserve | 321 | 288 |
| Other Reserves | 10 | 10 |
| Accumulated Unrealized Gain/Loss | (3) | (3) |
| Undivided Earnings | 403 | 385 |
| TOTAL EQUITY | \$731 | \$680 |
| TOTAL LIABILITIES & EQUITY | \$6,700 | \$6,350 |

Statement of Condition: Statistical Highlights (\$ in Millions)

| | 12/31/06 | 12/31/05 | Increase/Decrease |
|-------------|----------|----------|-------------------|
| ASSETS | 6,700 | 6,350 | 350 |
| SHARES | 5,431 | 5,074 | 357 |
| LOANS | 4,849 | 4,662 | 187 |
| INVESTMENTS | 980 | 1,008 | (28) |

Indiana State-Chartered Credit Unions

Year Ended 12/31/06

Income Statement

Schedule B

INCOME

| | |
|-------------------------|---------------|
| Interest on loans | 296 |
| Less Interest Refunds | (1) |
| Income from Investments | 58 |
| Other Income | 94 |
| TOTAL INCOME | \$ 447 |

EXPENSES

| | |
|----------------------------------|---------------|
| Employee Compensation & Benefits | 109 |
| Travel & Conference | 3 |
| Office Occupancy | 16 |
| Office Operations | 41 |
| Educational & Promotional | 9 |
| Loan Servicing | 9 |
| Professional & Outside | 17 |
| Provision for Loan Losses | 21 |
| Members Insurance | - |
| Operating Fees | 1 |
| Interest on Borrowed Money | 21 |
| Other Expenses | 5 |
| TOTAL EXPENSES | \$ 252 |

NET INCOME **\$ 195**

DISTRIBUTION OF NET INCOME

| | |
|--|--------------|
| Transfer to Regular Reserve | 31 |
| Transferred to Undivided Earnings or Other Reserves | 16 |
| TOTAL DISTRIBUTIONS | \$ 47 |

DIVIDENDS TO MEMBERS **\$ 148**

Total Credit Unions Assets in 2006

| Location | Name of Association | Total Assets (\$) |
|--|---|------------------------|
| Auburn | Dekalb Financial Credit Union | \$86,318,304 |
| Bedford | Hoosier Hills Credit Union | \$291,110,153 |
| Bluffton | Franklin Electric Employees Credit Union | \$1,197,581 |
| Brazil | Clay County Farm Bureau Co-Op Credit Union | \$5,595,939 |
| Columbus | Arvin G & F Employees Credit Union | \$1,598,566 |
| Columbus | Centra Credit Union | \$607,242,897 |
| Crown Point | Tech Credit Union | \$251,062,951 |
| East Chicago | East Chicago Firemen's Credit Union | \$1,061,529 |
| Fishers | Forum Credit Union | \$985,077,354 |
| Fort Wayne | General Credit Union | \$79,659,420 |
| Fort Wayne | Pinnacle Credit Union | \$17,473,231 |
| Fort Wayne | Public Service Employees Credit Union | \$21,699,065 |
| Goshen | Elkhart County Farm Bureau Credit Union | \$402,006,911 |
| Hagerstown | Perfect Circle Credit Union | \$45,552,040 |
| Hammond | Hammond Firefighters Association Credit Union | \$1,425,031 |
| Indianapolis | Double Eleven Credit Union | \$41,130,811 |
| Indianapolis | Energy Plus Credit Union | \$31,191,310 |
| Indianapolis | Family Horizons Credit Union | \$69,067,031 |
| Indianapolis | Firefighters Credit Union | \$47,408,811 |
| Indianapolis | Hoosier Farm Bureau Credit Union | \$9,663,350 |
| Indianapolis | Indiana Members Credit Union | \$1,033,848,119 |
| Indianapolis | Indianapolis Post Office Credit Union | \$48,058,392 |
| Indianapolis | KEMBA (Indianapolis) Credit Union | \$52,061,453 |
| Indianapolis | Northpark Community Credit Union | \$35,715,895 |
| Indianapolis | Professional Police Officers | \$33,247,182 |
| Indianapolis | State Merit Service Credit Union | \$5,202,264 |
| Kokomo | Kokomo Post Office Credit Union | \$2,386,558 |
| La Porte | Municipal Employees Credit Union | \$734,296 |
| Lawrenceburg | Community Spirit Credit Union | \$13,803,365 |
| Loogootee | Martin County Cooperative Credit Union | \$7,273,275 |
| Merrillville | Members Source Credit Union | \$47,089,310 |
| Michigan City | Members Advantage Credit Union | \$55,220,686 |
| Mishawaka | Taper Lock Credit Union | \$32,599,507 |
| Monroe | Adams County Farm Bureau Co-Op Credit Union | \$9,032,871 |
| Muncie | Muncie Post Office Credit Union | \$1,177,952 |
| New Albany | New Albany Schools Credit Union | \$14,038,895 |
| Richmond | NATCO Credit Union | \$43,955,534 |
| Richmond | Richmond State Hospital Emp. Credit Union | \$1,493,836 |
| Rockport | Spencer County Credit Union | \$1,769,667 |
| Seymour | Jackson County Co-Op Credit Union | \$15,798,032 |
| South Bend | South Bend Post Office Credit Union | \$11,517,108 |
| South Bend | Teachers Credit Union | \$1,664,189,421 |
| Sullivan | Sullivan County Credit Union | \$7,714,695 |
| Wabash | Beacon Credit Union | \$556,739,599 |
| Warsaw | United Credit Union | \$9,027,083 |
| Net Assets-Includes Allowance for Loan Losses | | \$6,700,237,280 |

Division of Consumer Credit

The Consumer Credit Division administers the Indiana Uniform Consumer Credit Code (IC 24-4.5), Indiana Rental Purchase Agreement Act (IC 24-7), Indiana Budget Service Companies Act (IC 28-1-29), Indiana Pawnbroking Law (IC-7-5), Indiana Money Transmitters Act (IC 28-8-4), and the Indiana Check Cashing Act (IC-8-5). The Division acts on complaints and inquiries from consumers on these statutes.

Guaranteed Auto/Asset Protection (GAP) programs fall under the responsibility of the Division because such programs are an additional charge as authorized in the Indiana Uniform Consumer Credit Code.

The Division examiners conducted and concluded 965 examinations in 2006, covering all of the statutes the Division administers. A total of 32,222 refundable violations were cited and refunds were made to consumers totaling \$1,672,773.28. Examiners cited non-refundable violations in 478 instances.

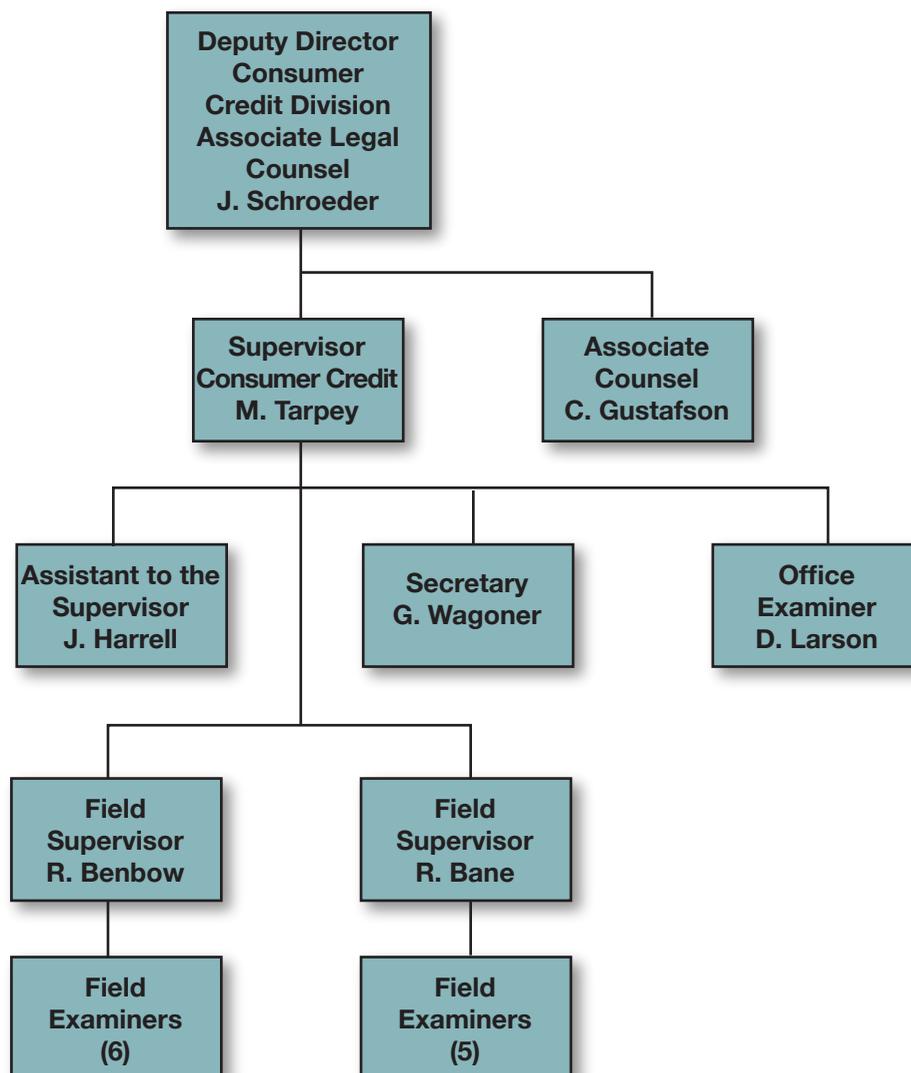
The Division continually reviews methods, policies, and philosophy to improve its ability to represent and serve the credit consumer and non-depository financial industry.



Ronda Bailey
Bank Division



Dee Gloy
Consumer Credit Division



Consumer Credit

INDIANA UNIFORM CONSUMER CREDIT CODE

Indiana became one of six states to adopt a version of the Uniform Consumer Credit Code with the passage of the Indiana Uniform Consumer Credit Code (“Code”) in the 1971 Session of the General Assembly. The National Conference of Commissioners on Uniform State Laws (“NCCUSL”) developed the model legislation. Since then ten other states have adopted versions of the Code.

Primary transactions covered by the provisions of the Code include credit sales, consumer leases, consumer loans, and consumer credit insurance.

The Code regulates all persons or entities regularly extending credit to individuals for a personal, family, or household purpose in which either the amount financed does not exceed \$50,000, or the debt is secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt must be payable by written agreement in more than four installments or a finance charge must be imposed. First lien mortgages are exempt from the statute except for limited provisions under IC 24-4.5-3-105 and IC 24-4.5-3-701.

Certain sections of the Act also regulate all persons or entities regularly engaged in the leasing of goods to individuals for a personal, family, or household purpose in which the total amount payable under the lease does not exceed \$50,000 and the original lease term exceeds four months.

The Act does not regulate agriculture, business, or commercial transactions.

Indiana Uniform Consumer Credit Code purposes:

- simplify, clarify, and modernize consumer credit laws;
- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;
- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;

- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;
- permit and encourage the development of fair and economically sound consumer credit practices; and
- conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act

This Division had under its administrative and regulatory jurisdiction 330 licensed lenders with 604 branches; 47 Small Loan (payday loan) lenders with 543 branches; 3,379 other creditors, credit sellers, and financial institutions with 4,739 branches; and 44 GAP administrators in Indiana as of December 31, 2006.

The Division also has the responsibility to educate Indiana consumers in matters of credit as prescribed by the Code. Consumer credit educational study units and mini-lessons are available on the Department’s web site, (<http://www.in.gov/dfi>), under “Educational Information.” Study units are available in Word and PowerPoint. Numerous credit topics are also available on the site, and brochures can be printed from the site.

All of the Division’s licensing and registration forms are available on the Department’s web site.

In 1935 Indiana became the first state in the nation to provide for regular examinations of certain assignees of consumer credit sales. Provisions in the Indiana Uniform Consumer Credit Code make Indiana the only state authorized to examine all consumer credit transactions on a regular basis, from their inception.

BUDGET SERVICE COMPANIES ACT

Budget service companies provide services and assistance to individuals who seek counsel on the management of their debts. These companies make arrangements with the creditors of a debtor to handle the disbursement of the debtor’s money so that all creditors are paid in the most expeditious manner. For these services, the budget service companies contract with the debtor to receive a fee regulated by the Budget Service Companies Act (IC 28-1-29).

Consumer Credit

There were six licensed budget service companies in Indiana with seven branch locations as of December 31, 2006. Each is subject to regular examination by the Division.

PAWNBROKER ACT

One of the oldest types of lending institutions is the pawnbroker, and the pawnbroker makes small loans to individuals based on a pledge of personal property held as security. Pawnbrokers are a resource for people who need small amounts of money for short periods.

Loans made by a Pawnbroker have an initial period of 30 days. The customers can extend these loans for additional periods, but if the loans are delinquent for more than 60 days, the pledged articles can become the property of the pawnbroker.

There were 67 licensed pawnbrokers, with 63 branches in Indiana, as of December 31, 2006. The Division makes regular examination of Pawnbrokers for compliance with the Indiana Pawnbroking Law (IC 28-7-5)

MONEY TRANSMITTER ACT

The Money Transmitters Act (IC 28-8-4) became effective January 1, 1994. The act regulates non-depository institutions authorized to serve as issuers of checks or money orders and to offer wire transfer services to the public. There were 27 money transmitter licensees with over 6,500 agents operating as of December 31, 2006.

The statute does not mandate that the Division will examine these licensees; however, it does provide the authority to do so when the Department deems it appropriate.

RENTAL PURCHASE AGREEMENT ACT

The Rental Purchase Agreement Act (IC 24-7-1) regulates rent-to-own

transactions in Indiana. The act offers broad protection for the consumer and requires all entities engaging in the business to conform to certain standards.

This act stipulates that rent-to-own business entities must register with the Department, and the entities are subject to examination.

As of December 31, 2006, there were 52 registrants, with 255 branches, regularly engaged in "rent-to-own" transactions.

CHECK CASHING ACT

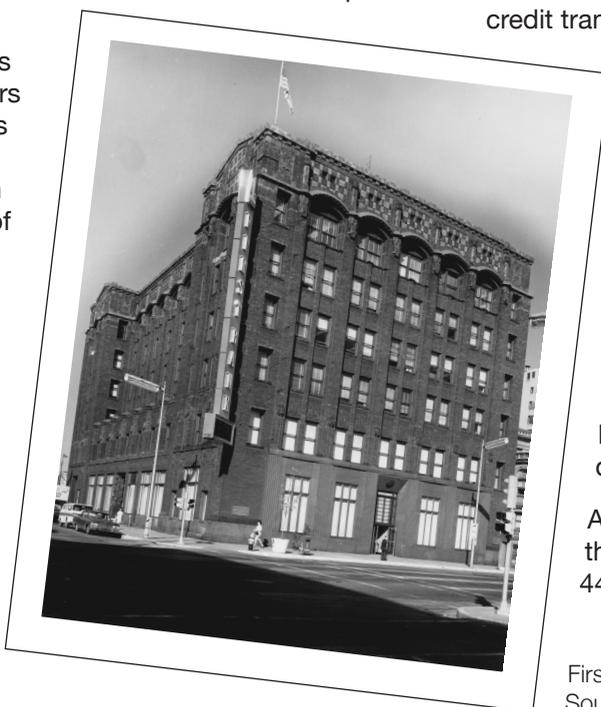
The Check Cashing Act (IC 28-8-5) became effective January 1, 1994. The statute limits the amount of the fee charged for a check cashing transaction and stipulates specific record keeping requirements. Retail businesses cashing checks incidental to the retail sale of goods or services are exempt from the act if the cost to the consumer does not exceed the greater of 1% of the face amount of the check or \$1.00.

There were 66 licensed check cashers, with 802 branches, in Indiana as of December 31, 2006. Check cashing licensees are subject to periodic examination.

GUARANTEED AUTO/ASSET PROTECTION (GAP)

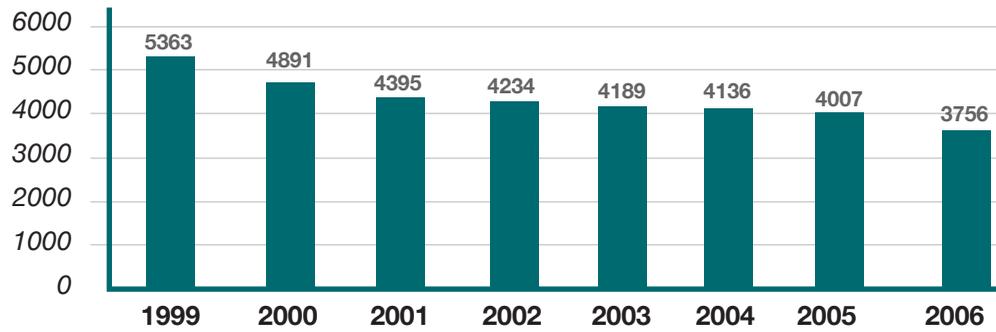
GAP products are additional charges, on consumer credit transactions, administered by the Division. The Department must specifically approve each GAP product before it can be included on a consumer credit transaction. Elements of a GAP product include the maximum charge to the consumer, the free look period, early cancellation refund method, the contractual liability policyholder, and the deductible coverage.

At the end of December, 2006 the Division was administering 44 active GAP providers.

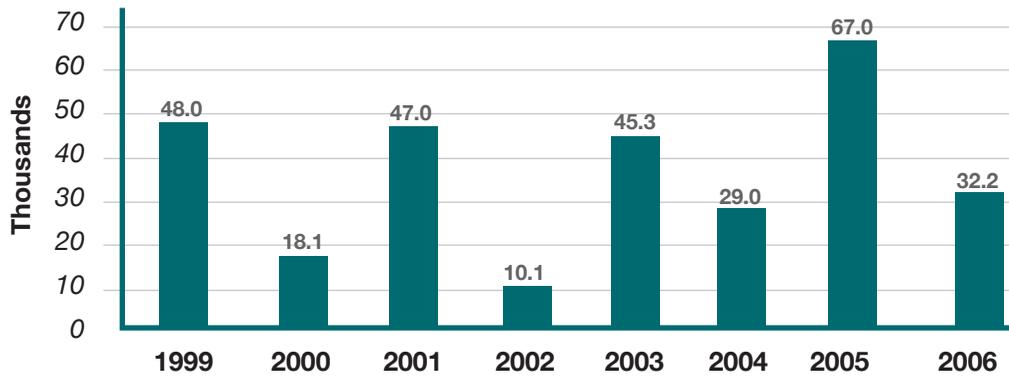


First Bank Building
South Bend, Indiana

IUCCC Filers/Licensees

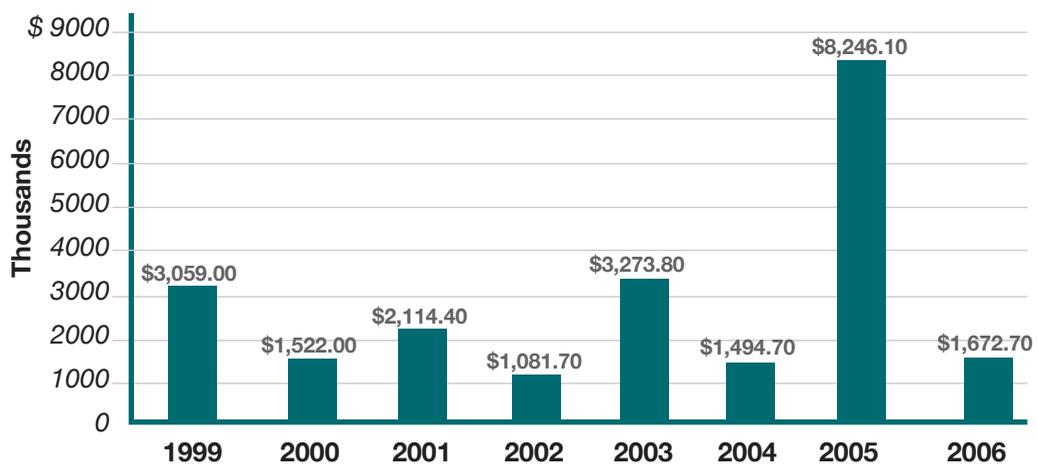


Compliance Exam Violations



Note: 2000 and 2002 violations were lower due to reduced staff and lengthy small loan examinations made in those years.

Compliance Refunds



New Consumer Credit Division Licenses Issued in 2006

LICENSED LENDERS

| Number | Name | City | State | Date |
|--------|--|---------------|-------|-----------|
| 9975 | Zino Financial, Incorporated | Concord | CA | 1/13/2006 |
| 9998 | Home Capital, Inc. | Atlanta | GA | 1/13/2006 |
| 10035 | Vanguard Mortgage & Title Inc. | Littleton | CO | 1/13/2006 |
| 10036 | Act Lending Corporation | Sunrise | FL | 1/13/2006 |
| 10038 | Amtec Funding Group, LLC | Santa Ana | CA | 1/13/2006 |
| 10040 | Sibcy Cline Mortgage Services, Inc. | Cincinnati | OH | 1/13/2006 |
| 10049 | MH Financial Services, LLC | Chicago | IL | 1/13/2006 |
| 10050 | Beazer Mortgage Corporation | Atlanta | GA | 1/13/2006 |
| 10068 | Independent Savings Plan Company (The) | Tampa | FL | 1/13/2006 |
| 10070 | Avelo Mortgage, LLC | Irving | TX | 1/13/2006 |
| 9939 | Direct Lending, Inc. | Livonia | MI | 3/17/2006 |
| 10032 | Amerifund Financial, Inc. | Tacoma | WA | 3/17/2006 |
| 10089 | Metrocities Mortgage, LLC | Sherman Oaks | CA | 3/17/2006 |
| 10098 | DB Home Lending LLC | Lake Forest | CA | 3/17/2006 |
| 10100 | Plaza Home Mortgage Inc. | San Diego | CA | 3/17/2006 |
| 10101 | Ion Capital Inc. | Dublin | OH | 3/17/2006 |
| 10106 | Flick Mortgage Investors, Inc. | Miami | FL | 3/17/2006 |
| 10111 | First Commonwealth Mortgage Corp. | Louisville | KY | 3/17/2006 |
| 10114 | J. Virgil Inc. | Bay City | MI | 3/17/2006 |
| 10115 | Reunion Mortgage Inc. | Milpitas | CA | 3/17/2006 |
| 10121 | Americahomekey, Inc. | Dallas | TX | 3/17/2006 |
| 9931 | Lending Connection, Inc. (The) | Costa Mesa | CA | 5/22/2006 |
| 9999 | Absolute Mortgage Solutions | East Hartford | CT | 5/22/2006 |
| 10103 | Ascent Home Loans, Inc. | Englewood | CO | 5/22/2006 |
| 10120 | Mortgagetree Lending | Modesto | CA | 5/22/2006 |
| 10122 | Prime Financial Corporation | Chicago | IL | 5/22/2006 |
| 10123 | Millennia Mortgage Corporation | Laguna Hills | CA | 5/22/2006 |
| 10125 | Western Residential Mortgage, Inc. | Phoenix | AZ | 5/22/2006 |
| 10130 | Lender's Investment Corp | Irvine | CA | 5/22/2006 |
| 10133 | River Funding Corporation | West Salem | WI | 5/22/2006 |
| 10149 | 123Loan, LLC | Aliso Viejo | CA | 5/22/2006 |
| 10151 | Lownhome Financial Holdings, LLC | San Jose | CA | 5/22/2006 |
| 10160 | Sycamore Funding, Inc. | Indianapolis | IN | 5/22/2006 |
| 10168 | Pathway Financial, LLC | Southfield | MI | 5/22/2006 |
| 10169 | Madonna-Voigt Enterprises, Inc. | Irvine | CA | 5/22/2006 |
| 10186 | Bear Stearns Residential Mortgage Corp | Scottsdale | AZ | 5/22/2006 |
| 10246 | GVC Mortgage Inc. | Pendleton | IN | 7/11/2006 |
| 10143 | Lakeland Regional Mortgage | Lakeland | FL | 8/10/2006 |
| 10161 | Key Financial Corporation | Clearwater | FL | 8/10/2006 |
| 10162 | Structure Mortgage Inc. | Dearborn | MI | 8/10/2006 |
| 10194 | Mortgage Store Financial, Inc. (The) | Los Angeles | CA | 8/10/2006 |
| 10222 | RWG Mortgage Company Inc. | Fort Wayne | IN | 8/10/2006 |
| 10243 | First Option Mortgage, LLC | Atlanta | GA | 8/10/2006 |

New Consumer Credit Division Licenses Issued in 2006

LICENSED LENDERS CONTINUED

| Number | Name | City | State | Date |
|--------|------------------------------------|-----------------|-------|------------|
| 10193 | Assurity Financial Services, LLC | Englewood | CO | 8/10/2006 |
| 10152 | American Lending Group, Inc. | St Peters | MO | 8/10/2006 |
| 10237 | Eastern Residential Mortgage, LLC | Columbia | MD | 8/10/2006 |
| 10210 | Advent Mortgage, LLC | Louisville | KY | 8/10/2006 |
| 10260 | DBSA Holdings, Inc. | San Diego | CA | 8/10/2006 |
| 10276 | First Liberty Financial Group, LLC | Owensboro | KY | 10/13/2006 |
| 10290 | Downs Financial Inc. | Denver | CO | 10/13/2006 |
| 10166 | GHS Mortgage, LLC | Wilmette | IL | 11/9/2006 |
| 10247 | Homefield Financial, Inc. | Irvine | CA | 11/9/2006 |
| 10252 | Castle Point Mortgage Inc. | Elkridge | MD | 11/9/2006 |
| 10279 | CMG Mortgage, Inc. | San Ramon | CA | 11/9/2006 |
| 10287 | Somerset Investors Corp. | Melville | NY | 11/9/2006 |
| 10288 | Senderra Funding, LLC | Charlotte | NC | 11/9/2006 |
| 10297 | Nationwide Advantage Mortgage | West Des Moines | IA | 11/9/2006 |
| 10298 | Lending 1st Mortgage LLC | Anaheim | CA | 11/9/2006 |
| 10309 | Realty Mortgage Corporation | Flowood | MS | 11/9/2006 |
| 9567 | Quest Asset Management, Inc. | Orange | CA | 12/4/2006 |

LICENSED SMALL LOAN (PAYDAY) LENDERS

| Number | Name | City | State | Date |
|--------|--------------------------------------|-------------|-------|-----------|
| 10044 | Approved Cash Advance | Cleveland | TN | 1/13/2006 |
| 10051 | Fast Payday Loans of Indiana, LLC | Atlanta | GA | 1/13/2006 |
| 10062 | Direct Microloans, LLC | Atlanta | GA | 1/13/2006 |
| 10202 | Casino Cash & Pawn Enterprises, Inc. | Clarksville | IN | 8/10/2006 |
| 10264 | EZPawn Indiana, Inc. | Austin | TX | 11/9/2006 |

MONEY TRANSMITTER LICENSE

| Number | Name | City | State | Date |
|--------|----------------------------|--------------|-------|-----------|
| 10090 | Global Money Transfer, LLC | Falls Church | VA | 3/17/2006 |

PAWNBROCKER LICENSE

| Number | Name | City | State | Date |
|--------|--------------------------------------|---------------|-------|-----------|
| 10076 | Auto Pawn Inc.com | Indianapolis | IN | 3/17/2006 |
| 10201 | Casino Cash & Pawn Enterprises, Inc. | Clarksville | IN | 8/10/2006 |
| 10221 | Dawn Lowell | Michigan City | IN | 11/9/2006 |
| 10301 | Vinny's Pawn LLC | Kokomo | IN | 11/9/2006 |

Licensees & Registrants

As of December 31, 2006

| Type | Number Registered | Number Branch Locations |
|------------------------|-------------------|-------------------------|
| Loan Licenses | 330 | 604 |
| Small Loan Licenses | 47 | 543 |
| Pawnbrokers | 67 | 63 |
| Check Cashers | 66 | 802 |
| Money Transmitters | 27 | 30 |
| Budget Service | 6 | 7 |
| Non-lenders | 2,932 | 1,666 |
| Financial Institutions | 229 | 1,946 |
| Rental Purchase | 52 | 255 |
| Gap Administrators | 44 | |
| Totals | 3,800 | 5,916 |



Robert Benbow
Field Supervisor-
Consumer Credit Division

Division of Administration

The Division of Administration provides oversight and support in the following areas: Fiscal Management; Human Resources and Staff Development; Facilities Management; Communications; Operations; and Information Systems.

The largest expenditures are personnel costs and travel reimbursement. Salaries are established through the legislative and budget process with concurrence of the State Personnel Department. Though self-funded, the Department adheres to the same procedures as tax-supported agencies. State travel reimbursement limits are also set by the legislature. Located elsewhere in this report is the Report of Revenue and Expenditures of the Department of Financial Institutions. An examination of those figures will provide a review of the Department's overall fiscal operations.

Management holds to the belief that a high level of competence is necessary to promote a safe and sound financial institutions industry in the State of Indiana. As such, a primary goal is to attract and maintain a highly qualified, capable, and efficient work force. The Department actively recruits at many state colleges and universities, as well as various job fairs. A commitment to continuing education is integral to staff development. Training offered by various resources is used to ensure a knowledgeable and well respected staff. Among the sponsors utilized on a regular basis are: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the Indiana Bankers' Association, the National Association of Consumer Credit Administrators; the Fiduciary Trust Institute; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These external programs provide excellent individual technical instruction. Information is then shared with other staff members.

In addition to these targeted opportunities, the Department actively engages in coordinated training efforts with other State Banking Departments as a cost effective means to enhance the skills and knowledge of our staff.



Irwin's Bank
Columbus, Indiana

Management also encourages employees to expand their educational exposure. The Professional Enrichment Policy provides reimbursement for tuition, books, and mandatory fees for completed job-related courses. This has resulted in staff members earning degrees in management, law, and masters in business administration and continues to enhance the overall knowledge and expertise of our work force.

In addition to the primary office in downtown Indianapolis, satellite offices in Lafayette and Columbus are maintained to support our mobile workforce. Each office is equipped to provide an efficient and secure environment for employees to carry out their responsibilities.

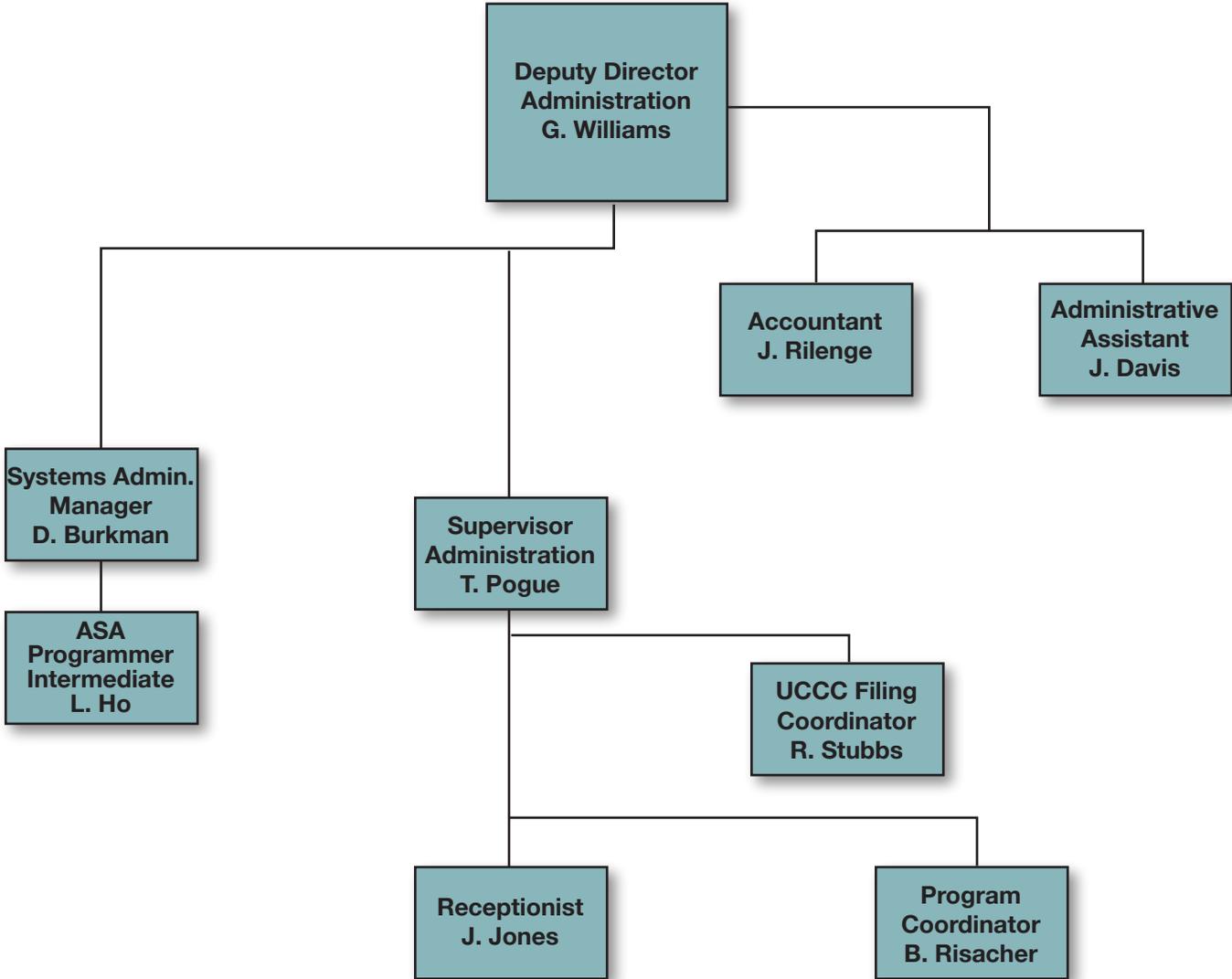
As the State continues down the path of consolidation of its information technology resources, the Department continues to look for ways to better utilize technology. Internal application development and participation in various national technology committees provides an ability to research and implement efficient technology initiatives.

The Department maintains a toll free telephone number and consumers and industry representatives who desire to speak with a staff member are encouraged to call (800) 382-4880 with their questions and concerns. General information is also available on our website at www.in.gov/dfi. Regular business hours are 8:00 am to 4:30 pm at our primary office located at 30 South Meridian Street, Suite 300, Indianapolis, IN.

Division of Administration



Teachers Credit Union - South Bend, Indiana



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